

# **APPRAISAL REPORT**

**CROWLEY FOSTER COMPANY**

*Real Estate Appraisers and Consultants*  
Post Office Box 642 • Middletown, Connecticut 06457  
(203) 347-2000



## Crowley Foster Company

*Real Estate Appraisers and Consultants*

October 13, 1994

City of Middletown  
Municipal Development Department  
245 DeKoven Drive  
Middletown, Connecticut 06457

Attention: William M. Kuehn, Jr., Director

Dear Mr. Kuehn:

Re: Appraisal and Report Preparation  
Property of Elaine H. O'Connor  
Located at North Main Street, Middletown, CT  
Client Purchase Order No. 050313

At your request, I have performed an inspection of the above property and have prepared the accompanying one hundred page (plus exhibits and addenda) appraisal report. After analysis of all data known to be available to me at this time, it is my opinion that the market value, as defined, of the fee simple interests in this real property, is as follows:

Subject is a one and twenty-one one hundredths acre, more or less, site, together with the improvements situated thereon, consisting of two industrial/warehouse structures in fair-poor condition, located on the easterly side of North Main Street, Middletown, Connecticut

Estimated market value as of the effective date of this appraisal, which is also the date of appraiser's final inspection of the subject property,  
October 6, 1994 .....\$78,000.

No responsibility has been assumed for matters which are legal in nature, nor has any opinion on title been rendered, this appraisal assuming marketable title.

I, the undersigned, do hereby certify that, to the best of my knowledge and belief, the statements contained in the appraisal are correct. Employment in, and compensation for, making this report are, in no way, contingent upon the value reported, and I certify that I have no financial interest in the subject property.

Sincerely,

CROWLEY FOSTER COMPANY

Sara C. Foster, SRPA  
Certified General Appraiser  
Connecticut License No. 0000210

APPRAISAL REPORT  
PROPERTY OF  
ELAINE H. O'CONNOR

LOCATED AT  
48-80, 84 NORTH MAIN STREET  
IN  
MIDDLETOWN, CONNECTICUT

LEGAL DESCRIPTION  
VOLUME 919, PAGE 287  
ASSESSOR'S MAP 20, BLOCK 17-7, LOT 1

AUTHORIZED BY  
CITY OF MIDDLETOWN, CONNECTICUT  
MUNICIPAL DEVELOPMENT DEVELOPMENT  
WILLIAM M. KUEHN, JR., DIRECTOR  
245 DEKOVEN DRIVE  
MIDDLETOWN, CONNECTICUT 06457  
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PREPARED BY  
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## ADDENDA

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject Identification: North Main Street, Middletown, CT

Owner of Record: Elaine H. O'Connor

Purpose of Appraisal: Estimate market value, fee simple title

Date of Appraisal: October 6, 1994

Legal Description: Volume 919, Page 287, dated January 19, 1990

Property Tax Assessment: \$253,050.00

Property Taxes: \$6,705.84

Land (Site) Size: 1.21 acres

Zoning: IRA - Industrial Redevelopment Area

Property Type: Warehouse/Industrial Buildings

Current Use: Warehouse/Industrial

Highest and Best Use: Building #1 - Interim use, as currently

utilized; long term, rehabilitation for investment; Building

#2 - Interim use, as currently utilized; long term, demolition

Gross Building Area: Building #1 - 30,314 square feet; Building

#2 - 14,000 square feet

Environmental Conditions: Numerous; see report comments as well

appraiser disclaimer

Marketing Time Estimate: 18 - 24 months

### Market Values Indicated

Site Value: \$30,250.

Cost Approach: Not considered an appropriate approach

Income Approach: \$72,700.

Sales Comparison  
Approach: \$83,400.

Final Estimate of Value: \$78,000.

PHOTOGRAPHS OF SUBJECT PROPERTY  
STREET SCENES



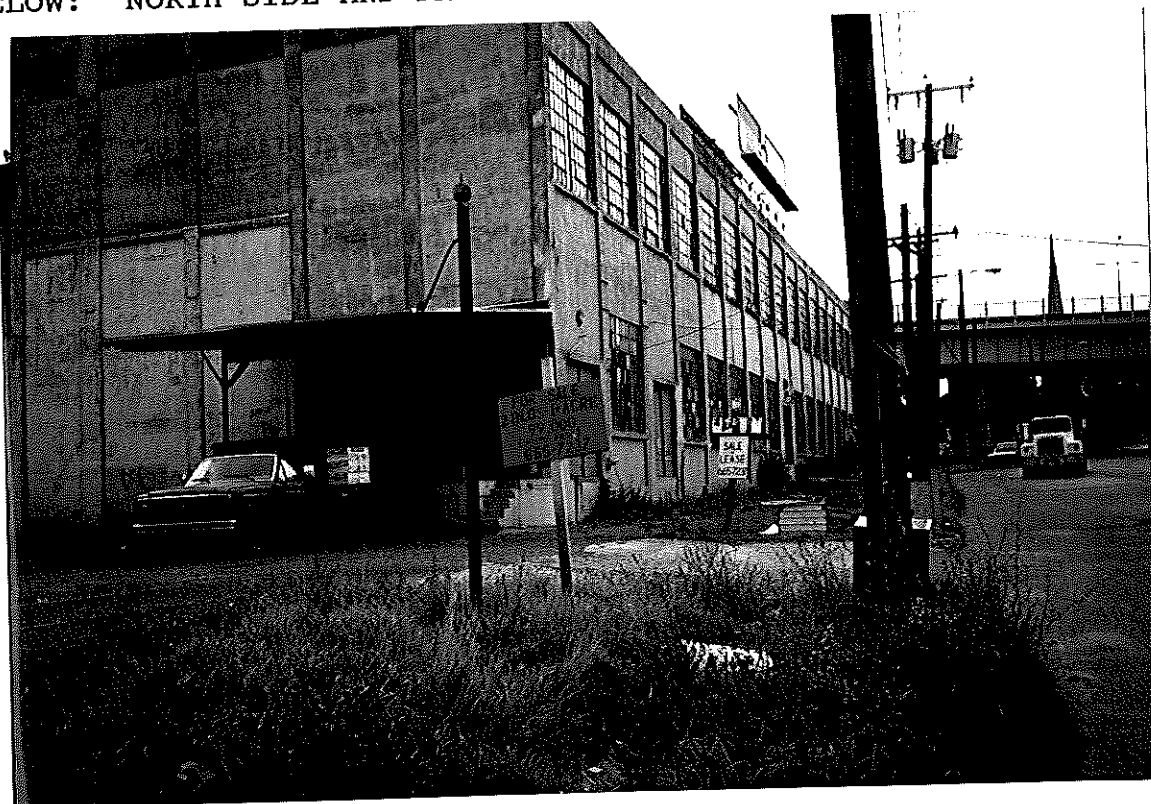
ABOVE: FACING NORTHERLY, SUBJECT PROPERTY ON RIGHT  
BELOW: FACING SOUTHERLY, SUBJECT PROPERTY ON LEFT



PHOTOGRAPHS OF SUBJECT



ABOVE: FRONT OF BUILDING #1 WITH BILLBOARDS INDICATED  
BELOW: NORTH SIDE AND FRONT OF BUILDING #1, NOTING LOADING DOCK



PHOTOGRAPHS OF SUBJECT



ABOVE: FIRST FLOOR INTERIOR OF BUILDING #1  
BELOW: SECOND FLOOR INTERIOR OF BUILDING #1





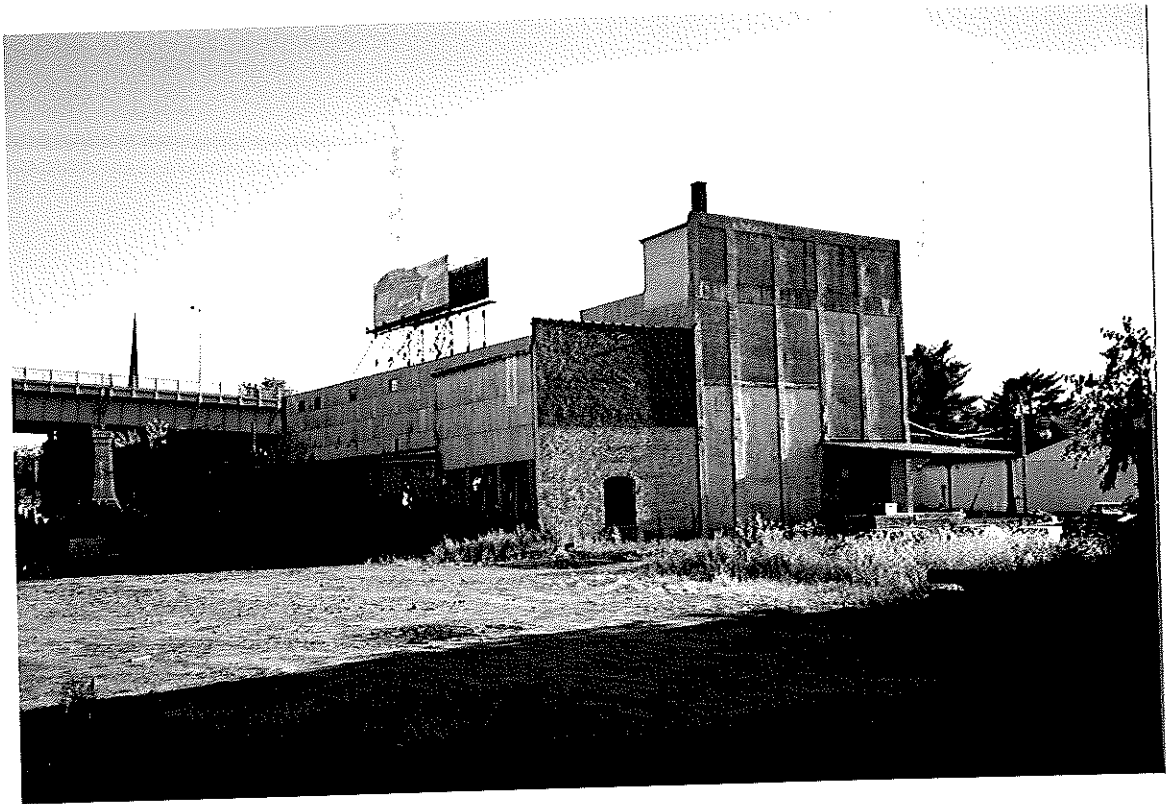
PHOTOGRAPHS OF SUBJECT



ABOVE: FRONT OF BUILDING #2  
BELOW: FRONT OF BUILDING #2; NOTE DRIVEWAY LEADING TO LOADING BAY



PHOTOGRAPHS OF SUBJECT



ABOVE: REAR OF BUILDING #1  
BELOW: REAR OF BUILDING #2



PURPOSE, FUNCTION, AND SCOPE  
OF THE APPRAISAL ASSIGNMENT

The purpose of this appraisal is to estimate the Market Value of the fee simple title in subject real property, which is identified below, as of the effective date of valuation, October 6, 1994. Market Value is defined as follows:

"The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what they consider their own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Reference: Defined in "12 CFR Part 323 FDIC Final Rule on Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), effective September 19, 1990".

The function of this appraisal is to assist the City of Middletown in submitting a bond request for funding approval for the North

End Industrial project.

The scope of this appraisal assignment includes complete inspection of the subject property; inspection of all properties referenced in the report; thorough research into the land records of the City of Middletown, Connecticut, where subject property is located, review of general information relative to various aspects of municipal data and regulations, especially pertaining to zoning, wetlands, environmental issues, sanitation; review of a 1990 Phase I Environmental Site Assessment and discussions with local (Fire Marshal) and state (D.E.P.) officials pertaining to this and surrounding properties; review of general area information, especially as it pertains to subject property; review of the appraiser's own files relative to this or similar properties; interviews with area brokers, attorneys, other appraisers, buyers and sellers of similar properties; investigation regarding similar properties in area and surrounding towns; photographing pertinent aspects of subject and other referenced properties; and preparation of this complete self-contained appraisal report.

#### IDENTIFICATION OF SUBJECT PROPERTY

Subject property is identified as all of Lot 1, Block 17-7, on Middletown Tax Assessor's Map 20. The property is held in the title of Elaine H. O'Connor, as indicated in Volume 919, Page 287, of the Middletown Land Records. The street address of the subject property spans 48-84 North Main Street, according to the City of Middletown Public Works Office. Note that 82 North Main Street is no longer considered part of the subject property, as it was split off from subject and sold in 1992.

#### THE VALUATION PROCESS

"The valuation process is accomplished through specific steps; the

number of steps followed depends on the nature of the appraisal assignment and the data available. . . .

"Research begins after the appraisal problem has been defined.

The analysis of data relevant to the problem starts with an investigation of trends observed at all market levels -- international, national, regional, community, and neighborhood. This examination will help the appraiser understand the interrelationships among the principles, forces, and factors that affect real property value in the specific area. It also provides raw data from which to extract quantitative information and other evidence of market trends such as positive or negative percentage changes in property value over a number of years, the population movement into an area, and the number of employment opportunities available and their effect on the purchasing power of potential property users. These data can be analyzed and employed to estimate a defined value.

"Traditionally, the appraisal techniques are the specific procedures within the three approaches that are applied to derive indications of real property value. Other procedures such as the use of inferential statistics and economic models also contribute to appraisals. One or more approaches to value may be used depending on their applicability to the particular appraisal assignment.

"In assignments to estimate market value, the ultimate goal of the valuation process is a well-supported value conclusion that reflects all the factors that influence the market value of the property being appraised. To achieve this goal, an appraiser studies a property from three different viewpoints, which correspond to the three traditional approaches to value.

"1. The current cost of reproducing or replacing the improvements, minus the loss in value from depreciation, plus site

in the market -- the sales comparison approach  
"3. The value of a property's earning power based on the capitalization of its income -- the income capitalization approach

"The three approaches are interrelated; each requires the gathering and analysis of cost, sales, and income data that pertain to the property being appraised. . . .

"From the approaches applied, the appraiser derives separate indications of value for the property being appraised. One or more of the approaches may not be applicable to a specific assignment or may be less reliable due to the nature of the property, the needs of the client, or the data available.

"To complete the valuation process, the appraiser integrates the information drawn from market research and data analysis and from the application of approaches to form a value conclusion. This conclusion may be presented as a single point estimate of value or as a range within which the value may fall. An effective integration of all the elements in the process depends on the appraiser's skill, experience, and judgment."

The above description of the Valuation Process is a direct quotation from The Appraisal of Real Estate, Third Edition, The Appraisal Institute, Copyright 1993.

The Uniform Standards of Professional Appraisal Practice require that every appraisal report includes the following items:

1. Identification of the real estate being appraised
2. The real property interest appraised
3. The purpose and intended use of the appraisal
4. The value being estimated (with either a complete definition of that value or a reference to the definition)
5. The effective date of the appraisal and date of the report
6. The extent of the process of collecting, confirming, and

reporting data

7. Statement of all assumptions and limiting conditions that affect the analyses, opinions, and conclusions
8. The information considered, the value conclusion reached, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusions
9. The appraiser's opinion of the highest and best use of the real estate
10. The exclusion of any of the usual valuation approaches
11. Additional information that may be appropriate to show compliance with, or clearly identify and explain permitted departures from the specific guidelines of Standard 1
12. A signed certification in accordance with Standards Rule

2-3

The Uniform Standards of Professional Appraisal Practice (Standards Rule 2-2) also require that the appraiser certify as to the type of appraisal performed and manner in which it is being communicated. Subject appraisal is a complete appraisal communicated in a self-contained appraisal report.

## LEGAL DESCRIPTION

Reference  
Middletown Land Records  
Volume 919, Page 287  
Dated January 19, 1990

"Beginning at a point on the Easterly side of North Main Street, marked by a boundstone, which point is the Southwesterly corner of the within-described premises and the Northwesterly corner of premises of the State of Connecticut; continue thence in a Northerly direction along said Easterly side of North Main Street, seventy-four (74.0) feet to a point marked by a boundstone; continue thence in a Northwesterly direction along said Easterly boundary line of North Main Street, three hundred eighty-three and forty-two one-hundredths (383.42) feet to a point marked by a boundstone; continue thence Easterly along property now or formerly of Red Wing Gas Co., thirty-one and sixty one-hundredths (31.60) feet to a point marked by a boundstone; continue thence Northerly along said property now or formerly of Red Wing Gas Co., forty-eight and fifty-three one-hundredths (48.53) feet to a point marked by a boundstone; continue thence Northeasterly along property now or formerly of N.Y., N.H. & Hartford R.R. Co., twenty-seven and fifty-nine (27.59) feet to a point marked by a boundstone; continue thence Southeasterly along said property now or formerly of N.Y., N.H. & Hartford R.R. Co., sixty-eight and fifty-eight one-hundredths (68.58) feet to a point marked by a boundstone; continue thence Easterly along said property now or formerly of N.Y., N.H. & Hartford R.R. Co., twenty-four and eighty-three one-hundredths (24.83) feet to a point marked by a boundstone; continue thence Southerly along said property now or formerly of N.Y., N.H. & Hartford R.R. Co., two hundred forty-five and seventy-five one-hundredths (245.75) feet to a point; continue thence Southeasterly along said property now or formerly of N.Y.,



N.H. & Hartford R.R. Co., two hundred eight and twenty-five one-hundredths (208.25) feet to land now or formerly of the State of Connecticut; continue thence Westerly along land now or formerly of the State of Connecticut, forty-four (44) feet, more or less, to a point; continue thence Southerly along land now or formerly of the State of Connecticut, ten (10) feet, more or less, to a point; continue thence Westerly along land now or formerly of the State of Connecticut, one hundred thirteen and ninety-four one-hundredths (113.94) feet to the point or place of beginning."

## PROPERTY TAX ANALYSIS

Property taxes for subject property are based on assessments resulting from a city-wide revaluation project completed in 1987 which first impacted the property taxes against the Grand List of October 1, 1987, payable in two payments (July and January), 1988, and 1989, respectively.

By statute, every property in the State undergoes revaluation performed by an independent contractor representing the Tax Assessor at least once every ten years which means that Middletown's next revaluation must occur not later than 1997.

The 100%, or "sound", values which result from a revaluation project must represent the assessor's (or subcontractor's) opinion of fair market value, based on recent actual sales of similar local properties, of the property as of October 1 of the year in which the revaluation becomes effective. Any changes (positive or negative) to a property in the ten year period between revaluations will be reflected in the assessment at the time of the change but will be based on the market as of the year of the revaluation (this procedure being known as a "roll back").

By statute the assessment must be 70% of the 100%, or sound, value. Following the 1987 revaluation the City of Middletown adopted a "phase-in" program for the assessments pertaining to the real property on the grand list. This program called for assessments based on 30% of sound value in year one (1987), and increasing by 10% per year until 70% of sound value was attained (1991).

The breakdown of property tax assessment figures for subject property are as follows:

<u>Item</u>	<u>100% Value</u>	<u>Assessed Value</u>
Land (1.25+ ac.)	\$ 62,500	\$ 43,750
Commercial Bldgs.	\$299,000	\$209,300
Totals	\$361,500	\$253,050

The total assessment, then, for subject property, is \$253,050, based on a 100%, or sound, value of \$361,500.

Property taxes are charged based on a mill rate (one mill is equal to \$1 of property tax for each \$1,000 of assessed value). The mill rate is calculated by dividing the total of the grand list as of the previous October 1 by 1,000 which equals the value of 1 mill and dividing the total of the town's budget by the value of one mill. The mill rate is normally established by the Common Council of the City of Middletown in early May.

The property tax amount itself is calculated by multiplying the individual property's assessment by the mill rate. For subject property, the taxes are calculated as follows:

$$\begin{array}{rcl} \text{Assessment} & \times & \text{Mill Rate} = \text{Property Tax} \\ \$253,050 & \times & 22.4 = \$5,668.32 \end{array}$$

In addition, the operations of the city's three fire districts are supported by a separate tax billing system. Subject is located in Fire District No. 1 (the "City District"). For the 1994-5 tax year's operation the mill rate for the City District Fire Department is 4.1. Thus, the subject's fire taxes are calculated as follows:

$$\begin{array}{rcl} \text{Assessment} & \times & \text{Mill Rate} = \text{Property Tax} \\ \$253,050 & \times & 4.1 = \$1,037.51 \end{array}$$

Therefore, the subject property's aggregate tax bill for the 1994-5 tax year is \$6,705.83, payable in two equal payments: July, 1994, and January, 1995.

According to tax collection officials of the City of Middletown,

property taxes for subject property are current.

The property tax history for subject property over the last five years follows:

<u>Year</u>	<u>Assessment</u>	<u>Mills</u>	<u>Property Tax</u>
1989	\$263,200	33.3	\$6,260.40*
1990	\$263,200	29.6	\$6,677.76*
1991	\$253,050	25.6	\$6,478.08
1992	\$253,050	25.1	\$6,351.56
1993	\$253,050	26.5	\$6,705.83

\*These tax figures represent 50% and 60%, respectively, of the sound value of subject property, as part of the aforementioned phase-in.

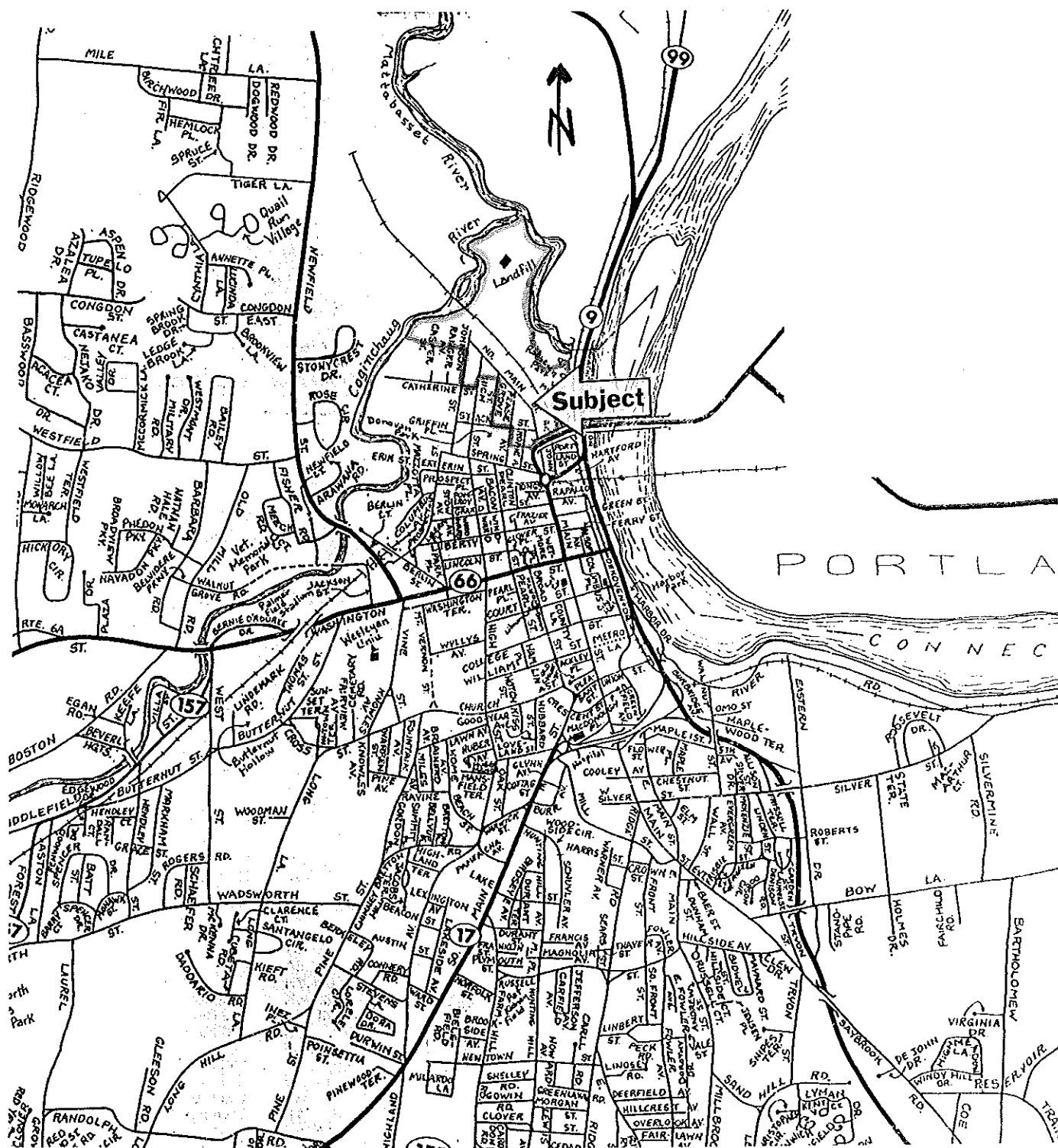
Note that the subject property's assessment decreased by \$10,150, a result of the split-off and sale of a .05± acre parcel and accompanying commercial building (Neighborhood Package Store). Also note that it is the opinion of this appraiser that the tax assessment on the subject property is exorbitant, and an appeal of the assessment is strongly recommended.

Comparison with the tax burdens for properties similar to subject in and with similar cities in the same area of the state indicates that, historically, Middletown's tax rates have been equitable and commensurate with the levels of services provided.

There is no indication at this time, based on conversations with municipal budget and tax personnel, which indicates that there will be any significant changes in Middletown's taxation process in the near future (a new revaluation will, of course, alter the assessment/mill rate relationship, but taxes should not change significantly). Taxes are expected to increase annually for all property owners to the extent by which the government's operating budgets increase. Again, these increases are not expected to be

disproportionate relative to similar area cities, most of the increases supporting mandated increases in employee benefits, employment contracts, education costs, and increased costs of protection and security.

MAP OF AREA  
NEIGHBORHOOD BOUNDARIES AND SUBJECT LOCATION INDICATED



#### AREA DESCRIPTION

Subject is located on the easterly side of North Main Street, in the City of Middletown, County of Middlesex, State of Connecticut. Middletown is geographically situated close to the center of the State of Connecticut. Middletown is bounded on the north by Cromwell and Berlin, on the west by Middlefield, Meriden, and Berlin; on the south by Durham and Haddam; and on the east by Portland and East Hampton. The northerly boundary is formed by the Sebethe River while the easterly boundary is formed by the Connecticut River.

Blessed with excellent highway access, via Routes I-91, 72, 66, 17, and 9 (to which subject is proximate), and with its central location, Middletown has seen considerable expansion of its industrial and commercial bases over the past decade, especially in the Westfield area adjacent to Route 72 and I-91. However, the subject property's location, in the older industrial area along North Main Street, has struggled over the past decade.

Middletown has a steadily increasing population which according to the 1990 census is 42,762, an increase of 9.5% over the 1980 figure of 39,040. The 1993 "Connecticut State Register and Manual" lists Middletown's current estimated population as 42,930. Middletown is made up of Census Tracts numbered 5411 through 5422; subject property is located in Census Tract Number 5411 of MSA Code No. 5020. Principal industries are agriculture, textile printing, plastics, monuments, bricks, switches, marine hardware, auto accessories, tools and dies, metal and wire goods, heat elements, trailers, mica mining, sheet metal, toys, chemicals, electronics, jet engines, and insurance.

Major employers include Pratt and Whitney Aircraft, Wesleyan University, Connecticut Valley Hospital, Middlesex Memorial

Hospital, Northeast Utilities, Aetna Life and Casualty, Walters Engineered Products, the City of Middletown, Zygo Corporation, Raymond Engineering, and Middlesex Mutual Assurance Company. Middletown's form of government is mayor-common council. Public schools include seven elementary, one middle, and one high school. There is a variety of parochial private schools at various grade levels available. Institutions of higher learning include Wesleyan University, Middlesex Community College, and the Wilcox College of Nursing at Middlesex Memorial Hospital. Fire departments, operating out of four firehouse locations (in three Fire Districts), are a combination of paid and volunteer; the police department is paid. Municipal taxes are currently at 21.7 mills against the grand list of October 1, 1993; there is an additional mill rate for fire protection, based on fire districts (No. 1-3). For subject property, located within Fire District No. 1 (the City Fire District), the additional mill rate is 4.1. Assessments representing 70% of sound value are based on the re-valuation completed in 1987. For the services provided, taxes historically have appeared equitable when compared with surrounding towns and other state cities of similar size. It should be noted that Middletown's location is ideal, offering not only convenience to major highways but also easy and efficient access to its own commercial center, which offers shopping, restaurants, hotels/conference centers, public transportation, banking, major employers, a major hospital, industrial parks, recreational facilities, and professional office facilities. Subject's location within the city is theoretically ideal, considering its close proximity to Route 9, as well as railroad tracks directly to the rear of the subject property. However, subject property suffers from external obsolescence as the city



grows away from the downtown area, building more modern industrial/commercial facilities in the outlying areas. In addition, current recessionary condition of the economy of the entire Northeast Region is bound to have some effect on the marketability of any real property in the area; these adverse effects appear to have been especially significant for commercial/industrial properties such as subject.

## NEIGHBORHOOD DESCRIPTION

Neighborhood is defined as:

"A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises."

Reference: The Dictionary of Real Estate Appraisal,

Third Edition, Appraisal Institute, Copyright 1993

Subject property is located on the easterly side of North Main Street, in the City of Middletown, Connecticut, under and extending northerly from the approach to the Arrigoni Bridge, which traverses the Connecticut River (thereby connecting Portland and Middletown).

This appraiser considers the neighborhood of subject to be bounded strictly along the lines of the IRA - Industrial Redevelopment Area Zone, as shown on Middletown's Zoning Map (the pertinent section of which is included in this report) and delineated in green on the area map appearing earlier in this report.

The neighborhood boundaries are recognized as such on the northerly and easterly side simply because the outlying areas are generally unusable swampland; beyond the southerly and westerly boundaries the area becomes more densely built-up with a few commercial properties mixed in with the predominantly multi-unit residences.

The subject neighborhood was one of the original industrial neighborhoods in the City of Middletown, most of the buildings dating from the nineteenth century. Subject is the Meech and Stoddard property, which was an early type of grain storage and handling facility. According to Ann Street, Executive Director of The Greater Middletown Preservation Trust, the subject building, which was built around the turn of the century, is considered

an historical contributor and would therefore be eligible for a tax credit program. If so, this would assist greatly in the redevelopment of the building.

The subject neighborhood has suffered greatly from the recession, as one after another, business moves, "down-sizes", or closes altogether. The remaining commercial/industrial facilities include Middletown Builders Supply, Nutmeg Oil Company, EIS Brake Parts, Hubert E. Butler Construction Company, Auburn Manufacturing Company, Suburban Office Furniture, NAPA/True Value.

A property of note located directly to the south of the subject neighborhood is St. John's Square, home to St. John's Church, School, Rectory, community center, convent, and cemetery. It is the predominant property on the North side.

Route 9, which is immediately east of the neighborhood, is accessed from Hartford Avenue and is the major thoroughfare affecting not only the neighborhood but the entire east of Middletown. Note that even though Route 9 is within sight of the subject property, access to the highway is difficult, consisting of a roundabout route either through the residential area located westerly or traveling over the Arrigoni Bridge, into Portland, back over the bridge, and then accessing the highway.

Other highways influencing the neighborhood include Routes 66 and 17 which combine as they cross the river at the Arrigoni Bridge but are split to offer a westerly route (Route 66) and a south-westerly route (Route 17) away from the city.

The entire neighborhood is served by public water, electric, gas, sewer, telephone, and cable television lines. There is a system of storm drains in the public streets of the neighborhood. There are concrete sidewalks along most of the streets. Utility lines are aboveground. There are streetlights throughout the neighbor-

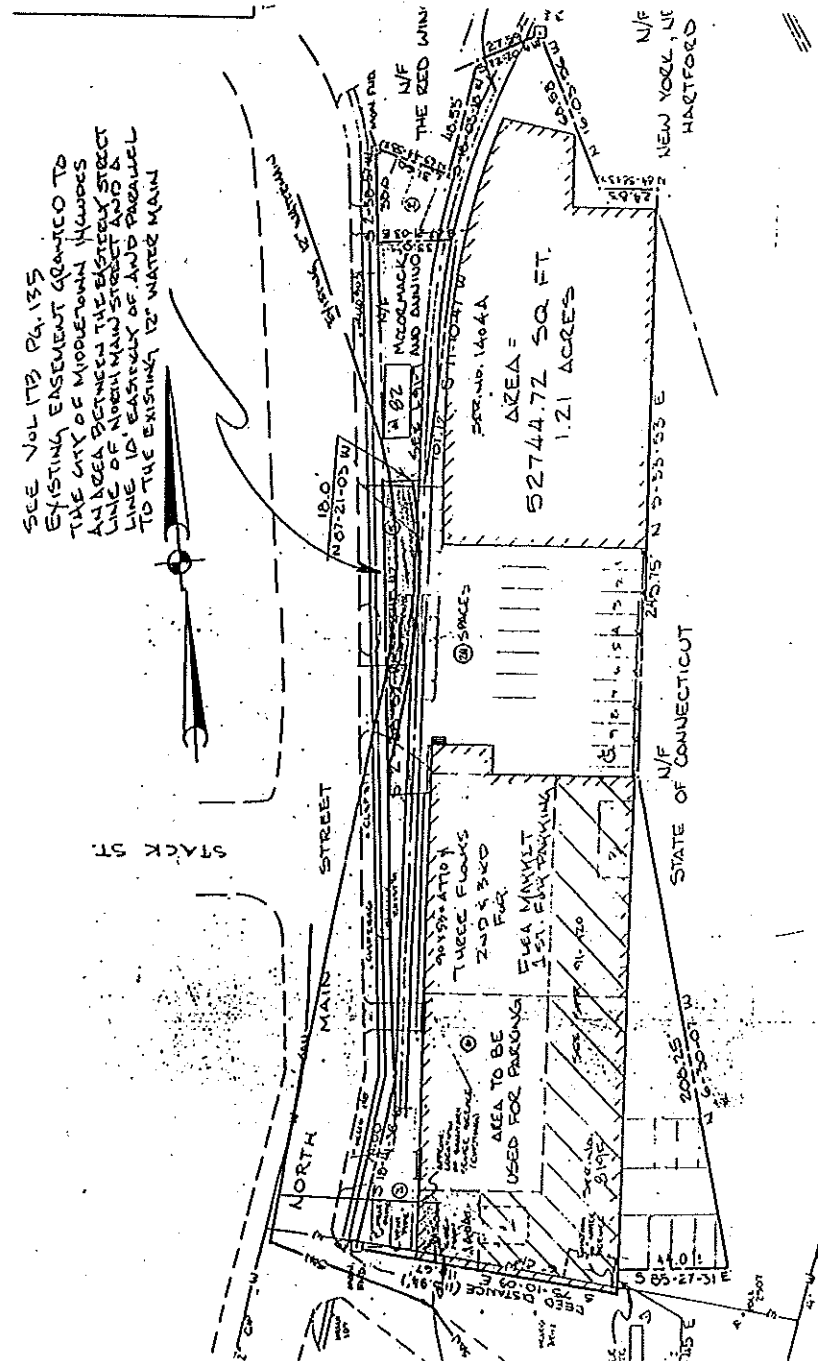
hood. According to the City's Public Works and the Water and Sewer Departments, plans are on record to excavate the sewer system in order to separate the storm and sanitary sewer systems. Bids to complete "Contract #3" are due to be out for bid this year.

All public streets in the neighborhood are paved and are generally well maintained by the city. Traffic at intersections is controlled, for the most part, by four-way stop signs with the exception being the complex of traffic control signals at the Hartford Avenue intersection.

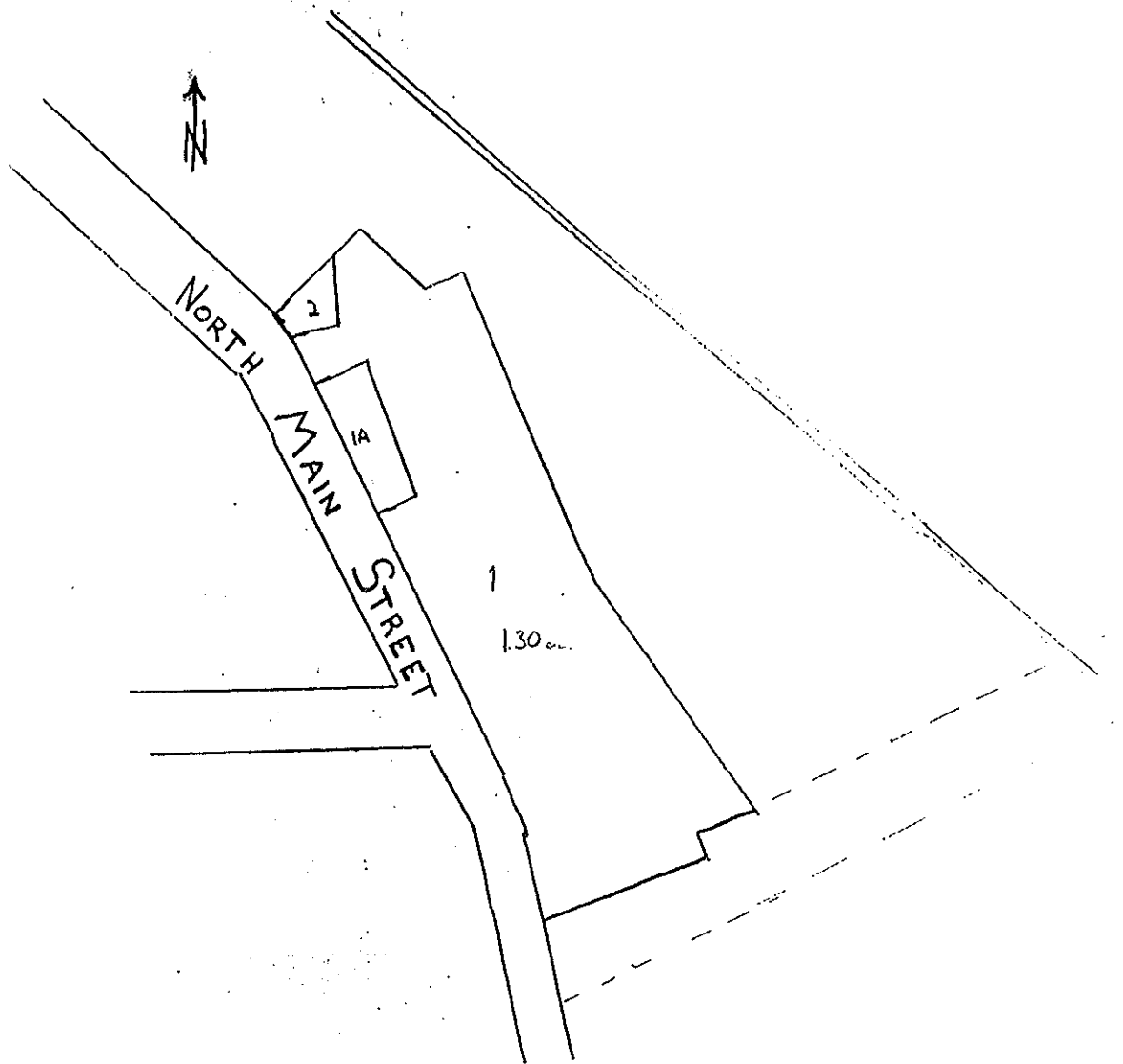
The neighborhood is protected by the City of Middletown's Police and Fire Departments. Protection against detrimental influences appears to be adequate; the incidence of crime in this particular neighborhood is believed to be less than in a similar old industrial neighborhood south of the business district (the East Main Street-River Road area). The occupied properties in the neighborhood appear to be adequately maintained.

Other than the generally depressed state of the Northeastern (and specifically, the subject neighborhood's) industrial economy, there are no known encroachments, easements or conditions inherent to this neighborhood which would adversely affect marketability of the subject industrial complex.

SEE VOL 173 P. 135  
EXISTING EASEMENT GRANTED TO  
THE CITY OF MOBILE FROM 1840S  
AND BEEN BETWEEN THE EXISTING STREET  
LINE OF NORTH MAIN STREET AND A  
LINE 10' EAST OF AND PARALLEL  
TO THE EXISTING 12' WATER MAIN



SUBJECT SITE SKETCH  
COPIED FROM TAX ASSESSOR'S MAP 20, BLOCK 17-7, LOT 1



## SITE DESCRIPTION

Subject site is a 1.21 acre parcel located at the easterly side of North Main Street, in the City of Middletown, Connecticut; it is further identified as Lot 1, in Block 17-7, on Assessor's Map 20. Due to the size of subject property's improvements, the site has a street address of 48-80, 84 North Main Street. The property is zoned IRA - Industrial Redevelopment Area. This report includes all pertinent information (zoning map, regulations, etc.) relative to this zone. Also included in this report are copies of all available soil maps, inland wetlands maps, topographical maps, and site drawings, i.e., assessor's drawings, survey, subdivision maps, as are available and/or deemed appropriate to the appraisal problem. Details of the parcel's characteristics are as follows:

### Physical

Source of Information: Physical inspection; Middletown City Hall

Parcel Size/Area: 1.21 acres

Shape: Irregular, generally rectangular

Topography: Flat

Other: Wet, muddy areas in the rear; some rear area covered with car frames, parts, rubbish; street frontage, split around Lot 1A, is approximately 357.42' feet along North Main Street; southern boundary abuts property of the State of Connecticut - property is partially beneath Arrigoni Bridge; eastern boundary abuts property of the State of Connecticut, part of which is integral to the Arrigoni Bridge right of way and part of which is integral to the railway property which was the railroad right-of-way acquired from the

New York, New Haven, and Hartford Railroad.

Improvements

Structural: Two (2) structures: the first is a one, two, and three story concrete, metal and frame warehouse with partial basement; the second is a one-story metal warehouse with partial basement and crawl space.

Paving/Parking: No paving noted; parking available between structures, and in rear of property.

Landscaping: None noted; overgrown areas around structures

Access: Frontage along North Main Street; east side of site accessible from St. John Street via presumed right-of-way or presumed access by adverse possession over State of Connecticut property

Other: According to Survey Map #2-92, there is an abandoned, "partially dismantled and isolated section of track not not connected to any present rail operation" running parallel between North Main Street and the property improvements. It has no effect, either positively or negatively on the marketability of the subject. City Public Works Department maps also show a rail siding to the east side of the metal warehouse building, although no remnants of this are now visible, and no reference to same was noted in the land records.

Assuming that there is access to the rear and south end of the south building over the State of Connecticut parcels, there would be no known easements or influences specific to this site which would adversely affect the marketability of subject parcel as improved.



### Utilities

Sanitary: City sewer lines

Water: City water lines

Gas: Yankee Gas

Electricity: Northeast Utilities

Telephone: Southern New England Telephone

### Legal, Encumbrances, Restrictions

Flood Zone: Zone X, AE; Community Panel 090068 0003B, dated  
July 16, 1990

Easements: Water main easement, dated May 19, 1926 (Vol.173,  
Page 135) resulting from a change of layout of North  
Main Street in 1915

Rights of Way: Presumed from St. John Street to rear of  
subject property over State of Connecticut property,  
and/or by adverse possession

Zoning: IRA - Industrial Redevelopment Area

Deed Restrictions: None noted

### Environmental/Hazardous Materials

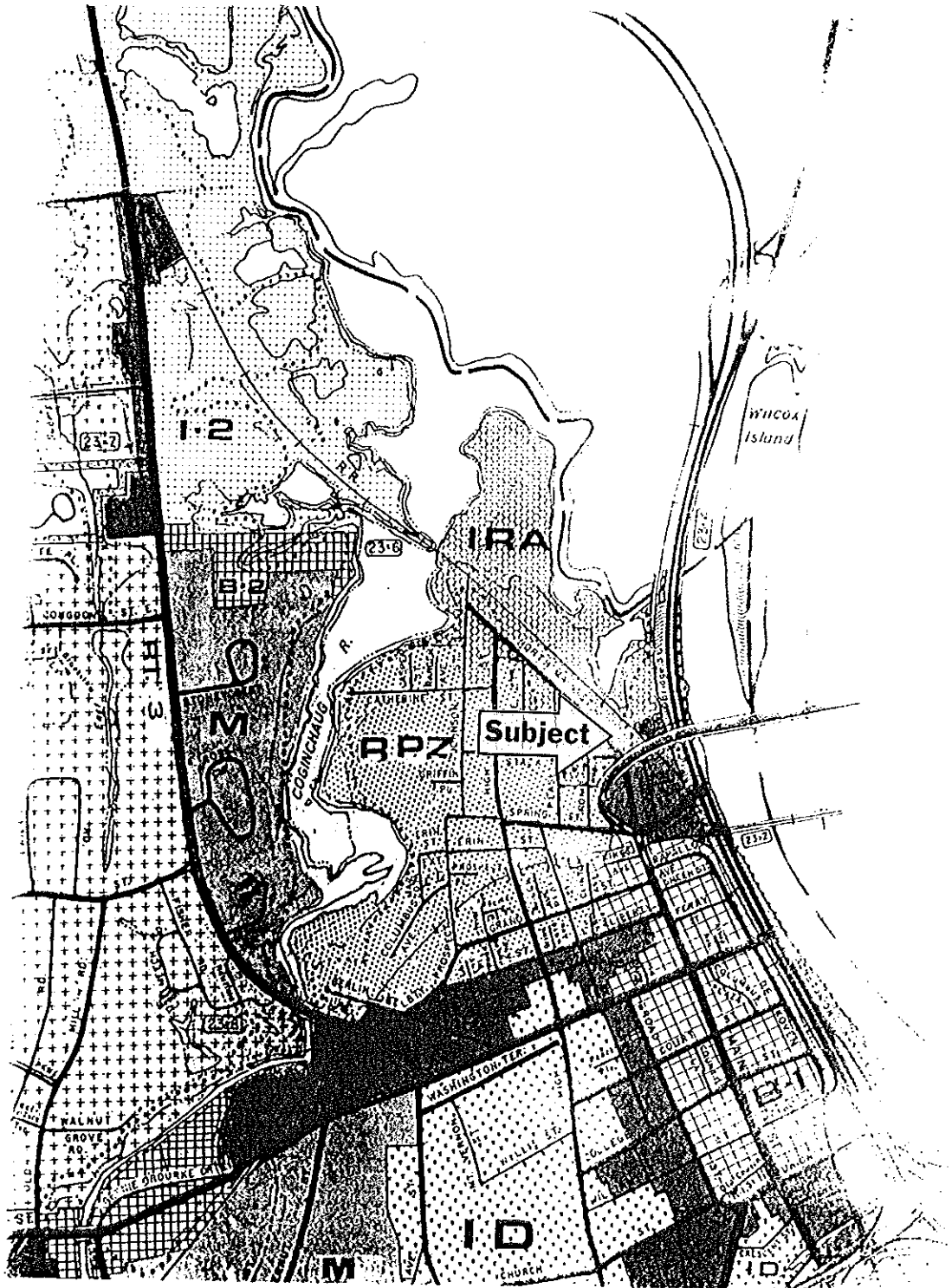
In addition to the concerns raised in the Improvements Description included in this report, other environmental concerns include soil contamination from material (parts, barrels, etc.) strewn on property from radiator shop/car repair; also, a number of underground tanks were reportedly removed from the southwest corner of the site earlier in 1994; possible lead paint on the property, considering the age of the building; chemical odors in the basement; in addition, there was a fire in 1962 which destroyed the center of the subject building (which left the property with two buildings). According to a Phase I environmental assessment on the property, at the time of the fire, a portion of building's

contents included cleaning chemicals, tires, possibly batteries which were lost in the fire.

### Conclusions

Considering the numerous potential soil contaminants on the subject property over years, an indepth environmental analysis of the subject site is strongly recommended. Although the appraiser is of the opinion that there are several areas of contamination of the site and the improvements as of the date of the inspection, the appraisal is completed based on the assumption that the property is "clean" of any hazardous materials. Therefore, there are presumed to be no conditions relative to the subject site that would adversely affect marketability. As stated elsewhere in this report, if appropriate professional testing and analysis of the site does indicate the presence of contaminants, there will undoubtedly be an adverse influence on the property's marketability.

PERTINENT SECTION OF MIDDLETOWN ZONING MAP  
EFFECTIVE DATE: JANUARY 13, 1988  
LOCATION OF SUBJECT INDICATED



## ZONING REGULATIONS AND RESTRICTIONS

### SECTION 29 INDUSTRIAL REDEVELOPMENT AREA ZONE

#### 29.00 DESCRIPTION OF ZONE

The IRA zone will preserve Middletown's existing and limited industrial development areas, and encourage the rehabilitation and re-use of the land and buildings for job and tax generating industrial uses. The zone is composed of longstanding industrial uses, and is adjacent to residential and commercial uses. The area(s) are self-contained and well-defined by existing roadways and railroad ROW's. In the zone, older industrial buildings occupy the site(s) and pose industrial rehabilitation opportunities.

#### 29.01 USES

Permitted uses are those indicated in Section 61 of this Code

#### 29.02 HEIGHT

The maximum height shall not exceed fifty (50) feet as provided in Section 13.02 (Height Modifications).

#### 29.03 LOT AREA, WIDTH AND YARD REQUIREMENTS

The following minimum requirements shall apply:

NET LOT AREA	LOT WIDTH	FRONT YARD	SIDE YARD	REAR YARD
None	100 Ft.	None	10 Ft.	None

#### 29.04 LOT COVERAGE

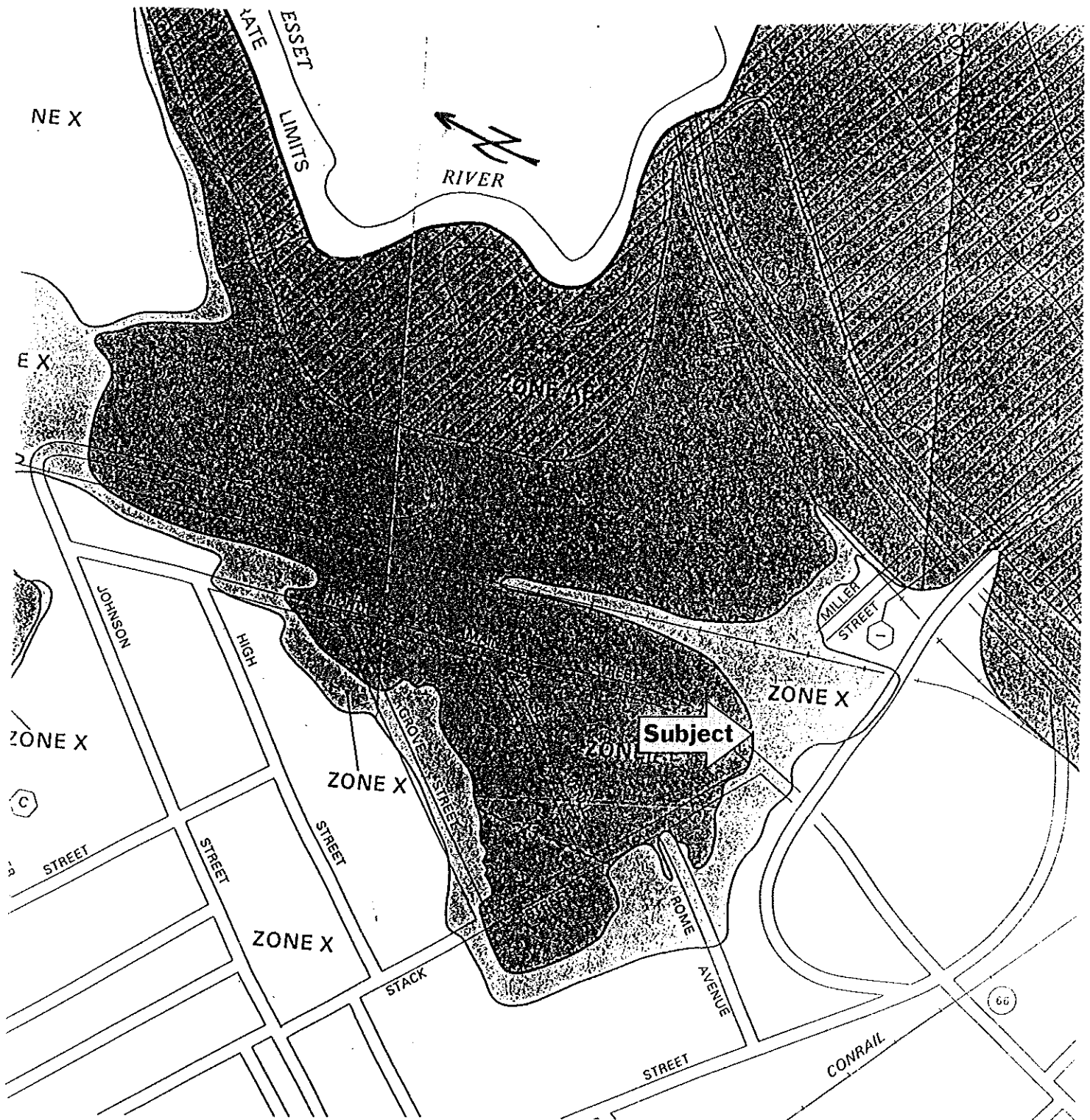
Each main building or structure hereafter erected, together with its accessory buildings or structures, shall not cover more than fifty (50) percent of the net lot area, except that one hundred (100) percent may be covered provided that the required off-street parking and off-street loading is available.

#### 29.05 OFF-STREET PARKING AND OFF-STREET LOADING REQUIREMENTS

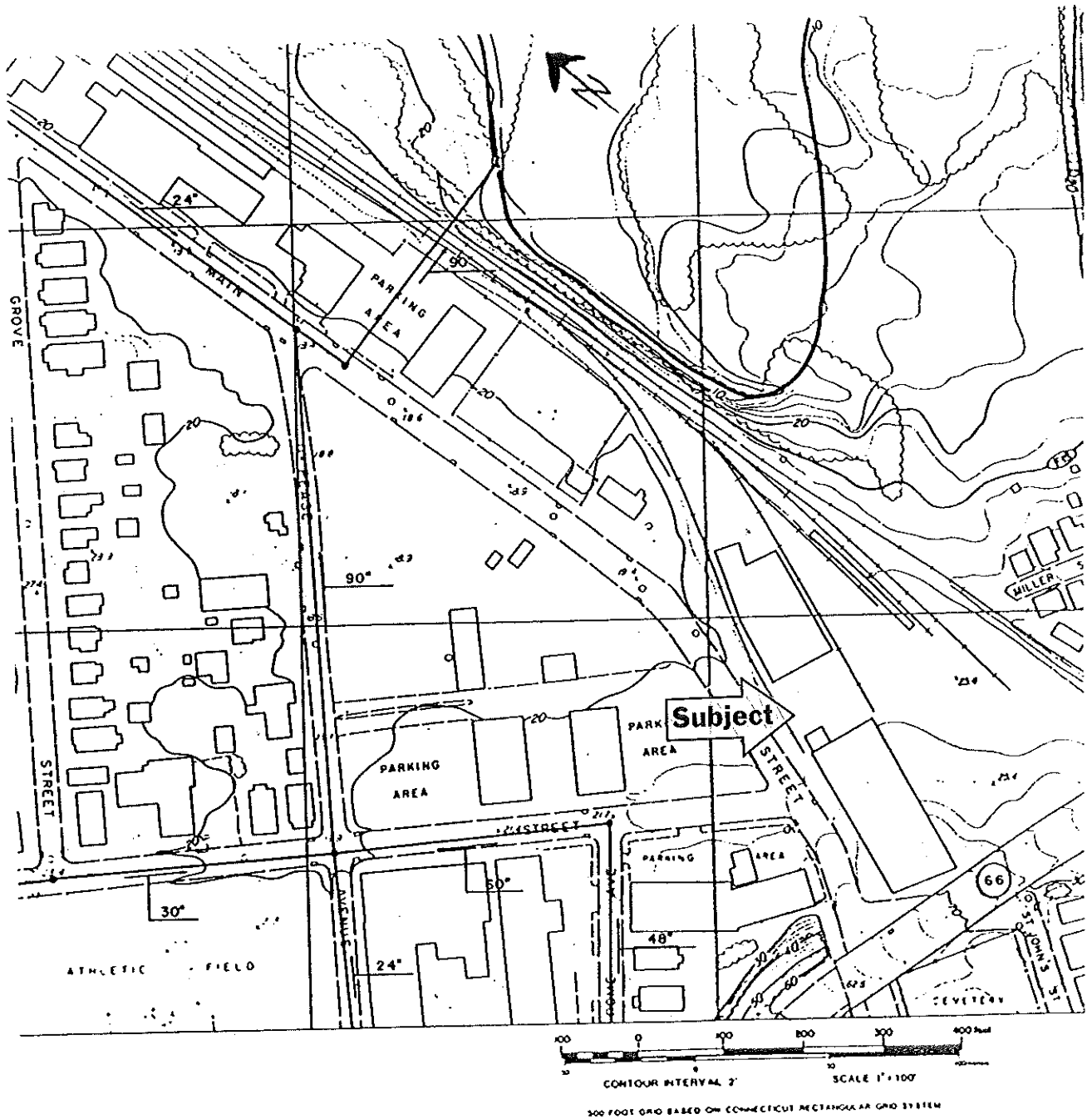
Off-street parking and off-street loading shall be provided in connection with any use in this zone in accordance with the provisions of Section 40.

Added Effective 8/1/86

FLOOD HAZARD MAP  
COMMUNITY PANEL NO. 090068 0003B, DATED JULY 16, 1990  
LOCATION OF SUBJECT INDICATED



TOPOGRAPHICAL/INLAND WETLANDS MAP  
LOCATION OF SUBJECT INDICATED

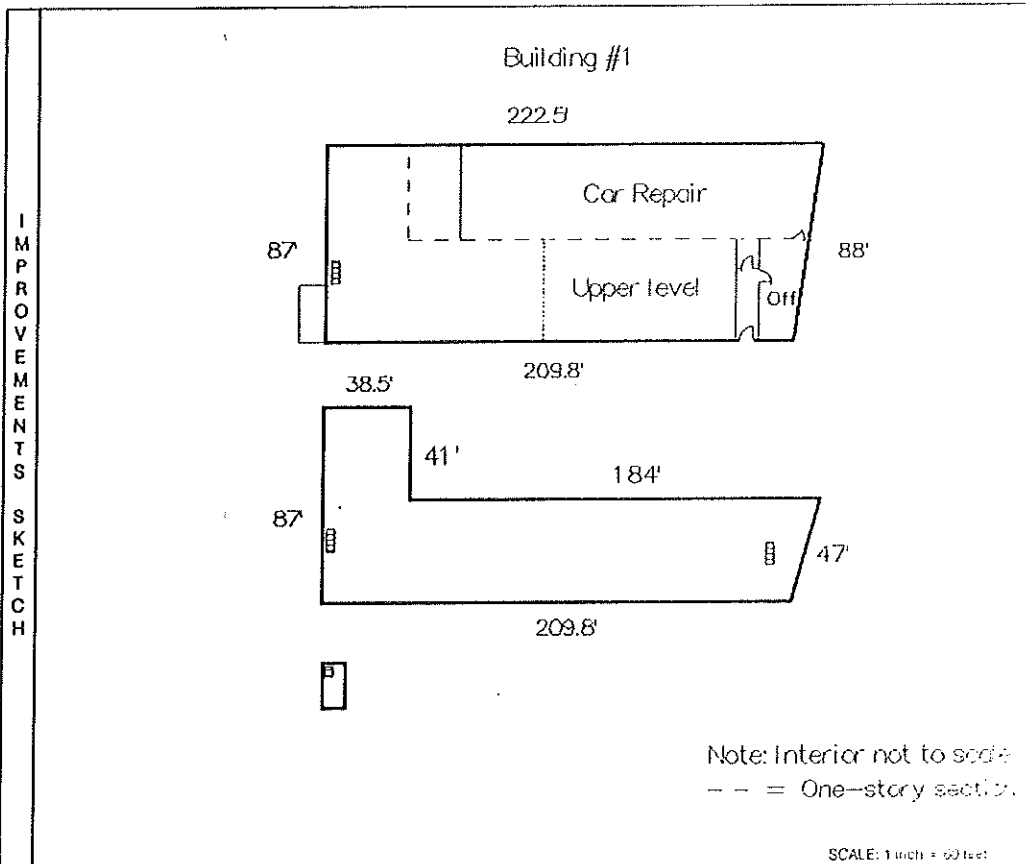


SOIL CLASSIFICATIONS MAP NO. 10  
LOCATION OF SUBJECT INDICATED



# SUBJECT FLOOR PLAN SKETCH(ES)

S U B J E C T	Borrower/Client			
	Owner: Elaine H. O'Connor			
	Property Address			
	48-84 North Main Street			
	City	County	State	Zip Code
	Middletown	Middlesex	CT	06457
	Lender			
	City of Middletown, Municipal Development Office			



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AREA CALCULATIONS SUMMARY			
Area	Name of Area	Size	Totals
GLA1	First Floor	18829.28	18829.28
GLA2	Second Floor	11522.09	11522.09
GLA3	Third Floor	200.00	200.00

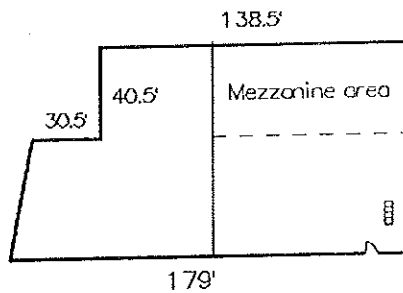
LIVING AREA CALCULATIONS			
Breakdown			Subtotals
209.83	X	87.10	18276.19
6.35	X	87.10	553.08
38.50	X	87.00	3349.50
171.33	X	46.00	7881.18
6.33	X	46.00	291.41
10.00	X	20.00	200.00



# SUBJECT FLOOR PLAN SKETCH(ES)

SUBJECT	Borrower/Client			
	Owner: Elaine H. O'Connor			
	Property Address			
	48-84 North Main Street			
	City	County	State	Zip Code
	Middletown	Middlesex	CT	06457
	Lender			
	City of Middletown, Municipal Development Office			

IMPROVEMENTS SKETCH



SCALE: 1 inch = 60 feet

AREA CALCULATIONS

## AREA CALCULATIONS SUMMARY

Area	Name of Area	Size	Totals
GBA	building Area	14700.75	14700.75

## LIVING AREA CALCULATIONS

Breakdown Subtotals

#### SUBJECT IMPROVEMENTS DESCRIPTION

Subject property improvements consist of two buildings: the first is a turn of the century (described as "old" on the Middletown Tax Assessor's Field Card) building of wood, metal (or asbestos) and masonry construction - the front and side walls are concrete and brick, and the rear wall is wood and corrugated metal or asbestos. It has mainly one and two stories (there is a small third floor landing having approximately 200 square feet). The building has a one-quarter basement area with oil tanks (which apparently leaked at some point - see further in the Improvements Description for more information), an antiquated boiler, and a sizeable cistern (a strangely sweet odor, possibly from fermentation or hazardous chemicals, permeates the area nearest the cistern).

There is a concrete loading dock at the northern end of the building. The first floor contains a gross area of 18,829 square feet. It is partially vacant, and partially rented to a pallet-making operation and to an automotive repair shop. The first floor area has multiple levels. The north and west sides of the first floor has an approximately three foot change in elevation with a ramp providing interaction between the two levels. In the second section of the building, the south and east sides, an office area and full three fixture bathroom are on an upper level having access from both the common front door at the west side of the building as well as through the service bay area at the east side.

The service bay area, a two-fixture bathroom, and an area set aside for future paint shop is located in the one-story portion of the building. The shop area is at an elevation which is approximately five feet below the office area and the remainder of the first floor of the two story portion. This area is leased by

Connecticut Valley Coach & Frame Ltd., as a car repair shop. The tenant reports that his leased space amounts to approximately 6,000 square feet. The pallet-making business is renting approximately 4,737 square feet.

An area at the north wall of the first floor was found to be locked and was not accessible (the owner stated that he did not have keys with him); this area is believed to contain an old non-functional bathroom facility.

There is a mid-level floor between the first and second floor located in the northeasterly corner of the building. This area, which was inaccessible to the appraiser, appears to have been a granary bin of some sort. At present, this area is locked and presumed vacant.

The second floor of the building is wood. It is vacant. Note that this floor is covered with pigeon droppings and carcasses, and is a definite health hazard. The second floor is approximately half the size of the first floor; 6,250+/- square feet of the east section of the building is one floor. In addition, the mid-level granary bin appears to continue up to this level, and jut out into the second floor space. Access to the second floor is limited. It is available via a flight of open, steep stairs on the northern end, and a smaller set of stairs on the southern end. There is a very small (approximately 200 square feet) third floor, made of wood, located on the northern portion of the building. It is vacant, and is covered with pigeon droppings and carcasses as well. Access to the third floor is available from the second floor via a flight of open, very steep stairs.

The building has a flat roof, which according to the owner of the property, has been resurfaced within the past two years.

Located on the roof are a set of billboards owned by Gannett

The other portion of the building (approximately one-half to one-third) is rented by Shlien's Furniture store for warehousing. The tar and gravel roof has practically fully deteriorated, and a considerable number of leaks have caused some areas of the floor to rot through, and many other areas of the floor to "soften". Extreme caution was advised by the tenant when inspection of this portion of the building was made. The building does not have electricity, heat, water, or sewer. While all of these are available to the property, considering the very poor condition of the building as well as limited access, renovation is not advised. Rather, it is this appraiser's opinion that the building be razed in order to more easily access building #1 and to provide for more parking on the site.

Note that these two buildings were once one building. However, a fire in 1962 destroyed the central part of the building and was never re-built.

Building #2 is considered to be of average quality and in very poor condition overall. The gross building area is approximately 14,700 square feet.

Building sketches and floor plan layouts of Building #1 only, as deemed appropriate to the appraisal appear on the previous pages of this report.

Itemized details describing subject improvements follow:

AGE: "Old"; estimated 90-100 years

SIZE: Building #1 - 30,551 square feet gross building area

Building #2 - 14,700 square feet gross building area

CONSTRUCTION: Building #1 - Wood, masonry, metal and/or asbestos

Building #2 - Corrugated metal and brick

FOUNDATION: Concrete for both buildings

ROOF: Building #1 - Tar and gravel; recently resurfaced

Building #2 - Tar and gravel; leaks throughout

GUTTERS/LEADERS: None noted

WINDOWS: Building #1 - Single-hung, single-glaze, metal sash,  
factory type

EXTERIOR SURFACE: Building #1 - Concrete, brick, wood, corrugated  
metal/asbestos

Building #2 - Corrugated metal, brick

INTERIOR FINISHES: Building #1 - painted

Building #2 - unfinished

PLUMBING: Building #1 - functional plumbing in two bathroom  
facilities at south end; otherwise, no functional plumbing  
believed to exist in building

Building #2 - None

ELECTRICAL: Building #1 - electrical throughout but quality and  
condition questionable

Building #2 - no operating electrical system at this time

HEATING: Building #1 - Antiquated non-functioning boiler for most  
of building; office area at south end has functioning heat  
pump system

WATER/SEWER: Building #1 - City water and sewer lines

Building #2 - not hooked-up; city lines available

OTHER: In Building #1, at least one of the oil tanks in the  
basement has leaked, with the spill seeping into the  
concrete floor; apparently some walls and pipe insulation  
made with asbestos; considering the age of structure and  
the apparent time lapse since the last repairs, it is  
likely that paint contains lead; question as to strange  
sweet odor in basement

In Building #2, considering the age of the structure and  
the apparent time lapse since the last repairs, it is

likely that paint contains lead and that there may also be asbestos present in the structure; either of these materials would be a consideration even for demolition of the structure

## MARKET VALUE

The standard accepted definition of "market value" is repeated at this point (it is also presented at the beginning of the report as a portion of the explanation of the purpose of the appraisal) as a method of providing a basis for the Valuation Section of the appraisal. At this point, the definition also emphasizes the following analysis of Highest and Best Use, highest and best use being that use which supports the most probable selling price (market value).

Market Value is defined as

"the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and each acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal considera-

tion for the property sold unaffected by special or creative financing or sales concessions\* granted by anyone associated with the sale."

Reference: Defined in "12 CFR Part 323 FDIC Final Rule on Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), effective September 19, 1990.

\*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment."

#### HIGHEST AND BEST USE

Real estate is always valued in terms of its highest and best use. The highest and best use of the land (site) if vacant and available for use may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet makes a contribution to total property value in excess of the value of the site.

Highest and best use is defined as follows:

"That reasonable and probable use that supports the highest present value, as defined, as of the effec-



tive date of the appraisal.

"Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

"The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. . . .

"Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value an alternative term would be most profitable use. . . ."

The above definition quoted from Real Estate Appraisal Terminology Revised Edition, compiled and edited by Byrl N. Boyce, Ph.D., SRPA, Center for Real Estate and Urban Economic Studies, University of Connecticut, 1984, indicates that Highest and Best Use must satisfy four criteria.

1. Legal: The use must be legally permissible (or reasonably probable). Environmental issues, easements, deed restrictions, and zoning regulations are addressed.

Legally, the real property interests which are the subject of this appraisal consist of the parcel which is physically identified as Lot 1, Block 7, Middletown Tax Assessor's Map 17, in an area zoned IRA, Industrial Redevelopment Area.

In this zone, according to the regulations for zoning in the City of Middletown, current uses of subject for industrial, shop, automotive repair service, and warehousing are permitted uses. The roof surface of the larger building is also rented as the location for outdoor advertising billboards producing a lucrative income stream for the property. The zoning regulations indicate other uses permissible by right in this zone include office buildings, laboratories, print shops, fitness centers, and utility buildings. According to the Zoning Regulations, there are no uses allowed in this zone by special exception.

Zoning issues are discussed in greater detail in the Site analysis portion of this report.

Other legal issues which can impact highest and best use include those pertaining to encumbrances and to adverse environmental situations.

Specific to subject property, it is acknowledged that the improvements have been utilized for a variety of uses which may or may

not have resulted in hazardous waste spills. The property may also have been the site of illegal dumping. Within the structures the appraisers noted several locations which are believed to contain hazardous materials such as asbestos or petroleum spills, and several sources have documented potential areas and causes of site contamination.

It is also noted that abutting property to the northwest of this parcel is the site of four above-ground storage tanks, the history of which is not known; it would seem that these tanks would have been utilized as a distribution center for gasoline, but it has also been reported to this appraiser that these tanks were used for gasoline storage in conjunction with a gasoline service station located either on that abutting property or on subject property. It has also been reported that there is contamination of the soil on that abutting site.

If a service station with gasoline pumps did operate on subject or abutting property at one time, it follows that there may also have been underground storage tanks on or adjacent to subject site.

Although the above-ground tanks are not located on subject parcel, they do represent a likely source for contamination of subject.

Additional details relative to environmental contamination of subject is presented in the site and improvements analyses section of this report.

The reader is directed, also, to review the disclaimer of the appraiser, presented in the Statement of Limiting Conditions section of this report, relative to the effect of environmental contamination on market value.

It is recommended that the entire subject property, parcel and improvements, be professionally analyzed for the presence of environmental contaminants. If hazardous materials are located

within subject property, the contamination will adversely effect the property's value proportionately to the extent of the contamination.

No other encumbrances to the property or to the title are known by the appraiser, although there is some question as to whether, other than by adverse possession, there is legal access to the rear (east) side of the structure on the south end of the parcel. From the standpoint of legally permissible, or reasonably probable, uses for subject property, the current program of utilization is appropriate. If the parcel were unimproved and available for improvement, the legally permissible, or reasonably probable uses for subject include the present uses as well as all of the uses listed above as allowable by right.

2. Physical: The site must be adaptable and capable of supporting the development of the legally permissible uses.

Subject property consists of a one and twenty-one one-hundredths acre parcel. As has been noted previously, the property is probably impacted by environmental contamination which, in addition to legal impact, potentially impacts the physical probabilities for the property.

Public services and utilities available to the parcel include water and sewer lines owned and maintained by the City of Middletown. Although many of these lines have been in place for years and may need to be upgraded, the appraiser presumes that the City's indicated plan (documented by the description of the Industrial Redevelopment Area Zone, recent published articles, and the Request for Proposal and Purchase Order associated with this appraisal) to preserve this area and "encourage the rehabilitation and re-use of the land and buildings for job and tax generating

industrial uses", would include provisions to renovate water and sewer systems as needed to accommodate the uses which would locate in the area. Electric lines which are aboveground are presumed adequate to serve such industrial uses as would be otherwise appropriate for subject site. Also available are public gas lines and telephone service.

Frontage on a public street consists of a total of 357.42 lineal feet in two sections; the sections are interrupted by the 100-foot frontage of the small lot which was split off from subject and sold in 1992, leaving only 38 feet of frontage for the section of subject to north/northwest of the split-off site. This portion of the frontage is utilized for access to the metal structure on subject site, part of which is currently rented to Shlein's Furniture for a warehouse.

Street access to the site is less than adequate. The main access is from St. John's Square which consists of the confluence of Main Street, Hartford Avenue, North Main Street, and Route 66/17 at its approach to the Arrigoni Bridge over the Connecticut River. This cumbersome intersection is not only inefficient in terms of traffic flow, it is also the site of St. John's Church and School, whose property is divided by both North Main Street and St. John's Street, the two streets which most directly access area of subject property. Both of these streets are two-lane. Other possible access routes are via Rome Avenue, High Street, Stack Street, and Grove Street. These local streets are visible on the accompanying maps of the area. It is obvious that distance to major highways over any of these streets is greater than the direct access via St. John's Square.

This site is basically level.

Until the split off of the package store site in 1992, the site

was basically rectangularly shaped; the split off of the package store site resulted in subject's having a highly irregular configuration which limits development potential. According to the survey map of the split-off site on file in the Middletown Land Records, there is probably not more than fifteen to eighteen feet between the east boundary of the split-off site and the west wall of the metal warehouse building on subject site resulting in an inconvenient and virtually unworkable access strip along the entire west side of the building. In that the east boundary of subject parcel and the location of the east wall of the metal warehouse are the same according to the survey map on file for subject site and that a northeast corner of the metal building rests on the site boundary, there is no means of accessing either the north end or east side of this building other than via rail. According to published FEMA Flood Hazard panels (No. 090068 0003B dated July 16, 1990), approximately one third of subject is within the "AE" flood hazard area, an area designated as being in risk of being innundated by flooding within a one-hundred year period, and an area for which improvement elevation restrictions have been established. The remainder of the parcel is in a zone designated "X", or outside of the one-hundred year risk area; based on topographical maps from the Middletown Public Works Department (copy included in this report), no portion of subject parcel is impacted by inland wetlands.

Soil classifications for subject are not identified as other than urban soil types which have been so disturbed by years of activity as to require individual analyses prior to new development.

As indicated in descriptions of the improvements to this site, the metal warehouse structure is in extremely poor condition. This fact, together with the lack of adequate physical access to the

building on other than the south and southwest end and corner and its location within a flood hazard area, renders this improvement as having only interim value provided by its current rental status; therefore, eventual demolition of this structure is recommended. Demolition of this structure would also provide needed additional parking for the southerly building which would remain on the property.

The second major improvement on the subject property is the one, two, and three level warehouse/industrial structure with partial full basement built in the late 1800's/early 1900's by the Meech and Stoddard Company for grain processing and distribution. This structure, for the most part, appears to be very solid but does suffer major functional obsolescence due to horizontal and vertical spacing limitations produced by the timber structural members. Other functional obsolescence includes the single-glaze, metal-sash windows, inadequate mechanical systems, lack of adequate access to the second level, and lack of access for the physically handicapped.

There is evidence of contamination within the structure by hazardous materials. The result of these shortcomings is that the building represents a solid shell and structure which will require complete rehabilitation in order to be productive at its highest and best use. The building currently produces income from three sources, and these existing uses are considered acceptable interim uses.

Based on the above physical details of subject property, from a physical standpoint, highest and best use would entail demolition of the metal warehouse structure and retention and rehabilitation of the larger structure at the southern end of the parcel. Considering the inconvenient access to the area for freight trucks,

uses of this property should be limited to those which will access the property mostly by automobile or van, such uses as laboratory, print shop, mini-storage, offices, physical fitness center. Considering the functionality of the interior layout of the structure, a print shop, or other use requiring horizontal clear area for machinery and equipment is not as appropriate as a use which could incorporate the ten to twelve foot horizontal distances between structural timbers into its layout such as a mini-storage facility, laboratory, or offices.

3. Market: The use(s) found to be legally and physically appropriate must also be appropriate for and consistent with the neighborhood. Supply and demand issues are addressed.

As indicated in earlier sections of this report, the area and neighborhood in which subject property is located is currently zoned IRA, Industrial Redevelopment Area. The City has announced its intention to restore this area as a viable commercial/industrial neighborhood incorporating existing structures and land uses and introducing new structures and uses which are compatible with existing uses and which provide adaptive reuse of existing vacant structures.

The current income producing uses of subject improvements are considered to be appropriate interim uses. In the long term, however, other uses will prove more marketable.

In that the downtown area of Middletown already suffers high vacancy in office space and because there is no currently acknowledged market for print shop facilities, neither of these types of uses are considered marketable for subject at this time.

It is noted, also, that subject property has been offered, either by the owner or by listings with real estate agents, for sale and



for lease over a period of approximately four years. As indicated on the sign now posted at the property, the owner is offering the property, presumedly "as is", for sale at \$99,000.

In terms of market (supply and demand) considerations relative to those uses found to be legally permissible and physically possible for subject property, continued rental to the four existing tenants is considered an appropriate interim use, while the market in the long term is considered to be more amenable to other uses such as laboratory or physical fitness center. Due to the size of the structure a single owner/user is not as likely a purchaser as an investor who would operate the property for income production, renting for a variety of uses.

4. Economic: The use(s) found to comply with the first three criteria must be financially feasible and most profitable based on normal investment philosophies.

Although consideration of the legally permissible, physically adaptable, and marketable use(s) for subject or any property may very well indicate that there is a variety of potentially satisfactory uses, the state of the economy and such factors as interest rates, availability of funds, alternative investment opportunities, and the general investment climate will effect the feasibility of any particular use for a property and may very well eliminate what otherwise appears to be a most suitable use.

If the City were successful in acquiring grant and/or bond funds to assist in purchasing properties in the neighborhood, upgrading utility systems and the infrastructure of the neighborhood, and if the area were designated by the State as an Enterprise Zone which would provide property tax abatement and other incentives for developers of these properties, demand for properties in the

neighborhood would increase significantly. As part of such a planned development, subject property would become much more attractive than as an individually marketed property available on its own with no financial or other incentives for an investor or purchaser/user.

Assuming the probable availability of financial assistance for reuse of subject property, the feasibility of eventual rehabilitation of subject property as a multi-tenanted income producing property is considered realistic with current limited rentals being feasible in the interim.

In summary, then, the Highest and Best Use (that use which supports the highest present value based on the criteria detailed above) of subject parcel, either as currently improved, or if renovated and rehabilitated with the aid of government subsidy, or if unimproved and available for use is continuing use as an income producing, investor owned property.

COST APPROACH  
DEFINITION AND INTRODUCTION

The Cost Approach is

"that approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exist no comparable properties on the market."

Reproduction Cost is

The cost of construction at current prices of an exact duplicate or replica using the same materials, construction standards, design, layout, and quality of workmanship, embodying all the deficiencies, superadequacies and obsolescence of the subject building."

Reference: Real Estate Appraisal Terminology, Revised Edition, 1984, Compiled and Edited by Byrl N. Boyce, Ph.D., SRPA

The Cost Approach is not considered appropriate for appraisal of the subject property. One of the structures on subject site is recommended for demolition while the second structure is clearly older than that for which reproduction costs using today's standards could be adequately calculated.

INCOME APPROACH  
DEFINITION AND INTRODUCTION

The Income Approach is

"A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate."

Reference: The Dictionary of Real Estate Appraisal, Third Edition  
Appraisal Institute, Copyright 1993

For subject property as improved, the Income Approach is considered valid because, not only is the property currently utilized as an income producing property, this is also considered as its interim and long term highest and best use.

## INCOME APPROACH PROCEDURE

The Income Approach relies on the application of a Capitalization Rate (or Discount Rate) to the income potential of the property. Subject's income potential has been projected based on the property's historic and current rental situation, as reported to the appraiser by the current owner; the reported figures are generally supported in the market place as being at market for these types of older, deteriorated industrial/warehouse properties.

Based on the market rental information obtained, the presumption is made that rentup of subject as improved and stabilization of net operating income has occurred. An improved income situation is dependent upon rehabilitation of the property coupled with an aggressive rental marketing program.

Vacancy and credit loss projections are based on actual property history or on market information available to the appraiser.

Projected operating expenses for subject are based on the actual experience of the subject insofar as could be ascertained from the current owner or from recorded information such as property tax records.

Details of the market rent/income potential of subject as well as operating expense projections appear on the following pages of the report. Income and expenses are presented on an annualized basis which is the standard for income producing property evaluations. Once the basic presumptions regarding income and expenses are made for a particular property, one of two generally accepted methods is implemented as a means of processing the Income Approach. One is relatively simple and relies on application of an Overall Rate (the Overall Rate being indicative of the relationship between the sales price, i.e., market value, of a property and the net operating income of the property) to the current net operating income

projected for the property, while the other, the Discounted Cash Flow Analysis, is more complex, formulated by discounting a series of annual projected net income flows into a current indicated value and combining that with the current value of the discounted reversionary value of the property. This method relies on a projection of income over the holding period for the property as well as a projection of expenses on a line item basis. The discount rate applied to these projections is based on industry indications at the time of the appraisal.

In a statement ("Statement on Appraisal Standards No. 2 [SMT-2] adopted unanimously by the Appraisal Standards Board on July 8, 1991) conclusions are presented which warn that the Discounted Cash Flow Analysis (the latter application) should not be utilized unless the assumptions and data are both market and property specific; the Statement further states that the "DCF...reflects those items and forces that affect the revenue, expenses and ultimate earning capacity of real estate. . . ."

Based on the warnings inherent in the statements pertaining to the utilization of discounted cash flow analysis, the appraiser is of the opinion that this method should not be utilized for subject property because the current income and expense information available for subject has only been reported verbally by the owner to the appraiser and is not documented, is contradicted in part by one of the tenants, and is, for the most part, not based on valid leases. Additionally, the income currently received for Building #2 is interim only, based on the recommendation that this building be demolished when the remainder of the property is rehabilitated. In the former application, utilizing an Overall Rate, the rate can be drawn directly from the marketplace when the current net operating income and sales price of a property, or properties, similar

to subject are known, utilizing the basic formula  $R_o = I/V$ , where R<sub>o</sub> is overall rate; I represents income, and V is value, i.e., sales price. An overall rate can also be created utilizing a "band of investment" formula incorporating components of mortgage and equity interests in the property with the net operating income available to support those interests. This formula is expressed as follows:

$$R_o = m \times R_m + (1 - m) \times R_e$$

where R<sub>o</sub> is the Overall Rate; m the loan to value ratio, R<sub>m</sub> the mortgage constant (the annual amount required to amortize \$1 in equal monthly payments at a particular rate and term); (1-m) is the equity position as a percent of value; R<sub>e</sub> is the Equity Dividend Rate (the "cash on cash" rate).

For subject, the method selected for processing the Income Approach is that which utilizes an Overall Rate application, the former method.

An overall rate was selected based on the "band of investment" method because there were no market data available to appraiser which provided details of both sales prices as well as income statements, the method by which a rate may be drawn directly from the market.

Currently, for an income property such as subject it is assumed (based on information obtained from the lending staff of local lending institutions as well as on information contained in recently recorded commercial mortgages) that a 70% (loan to value) mortgage could be obtained at an initial interest rate of 9% adjustable on a three-year basis, with two points, amortized in level monthly payments based on a twenty-year term. Commercial lending programs available through local lenders generally are at rates which are 2% to 3%, based on risk, over the current prime

lending rate. Others are indexed to or based on Treasury notes or bills or the Consumer Price Index but the rates are currently generally in the 8.5% to 10.5% range with a fifteen to twenty-five year amortization. For a property of subject's degree of risk a midpoint of both rate and term has been selected.

Although the above reflects the terms generally available for commercial mortgages in the area, it should be noted that underwriting guidelines are especially strict as a result of the massive number of defaults of commercial real estate loans over the past few years.

The equity return ("cash on cash") rate is based on that which is known to be typical for the current market or on that which represents the return rate on a competitive investment having similar risk. This rate represents the rate of return which the investor seeks on his cash (equity) investment. A survey of local commercial real estate brokers, rate indices published by the Appraisal Institute, and rates for competing investments such as Treasury notes, relatively high risk bonds, etc., indicates that, on average, an investor would expect a return of at least 10% as a cash-on-cash return rate for an investment in real estate.

Based on the above parameters, an overall rate of 10.97% is formulated.

Indicated value produced through application of the appropriate Net Present Value formulae, appears subsequently in this report.



INCOME APPROACH  
INCOME AND EXPENSE INFORMATION AS PRESENTED BY OWNER

Income and expense figures are based directly on information presented by the property owner.

Gross Scheduled Rent: Based on analysis of current market activity as well as information directly pertinent to subject property the average rent per square foot for subject is estimated at \$1.50 per square foot; therefore, for Building #1 Gross Scheduled Rent is projected to include \$6,000 for the billboards plus \$45,471 for the floor area; Building #2 is considered to be unrentable other than that area which is currently rented at approximately \$1 per square foot, or \$6,000 per year. Therefore, Gross Scheduled Rent for subject property is \$57,471 (\$45,471, \$6,000, and \$6,000).

Vacancy and Credit Loss projections are based on analysis of the current market which indicates that a credit loss of 10% of Gross Scheduled Income can be assumed for this type of property; the vacancy loss is projected based on the ratio of vacant space in Building #1 as well as general market conditions. Currently, almost two-thirds of Building #1 is vacant. Thus, Credit and Vacancy Loss totals \$35,700.

According to the owner, the tenants carry all expenses of the property except for property taxes (currently \$6,700) and insurance (stated by the owner as costing approximately \$6,000). In addition, the appraiser has presumed a management fee equal to 5% of the effective (collected) rent income, or \$1,100. The owner's expenses, then, are projected to total \$13,800.

Assuming a gross scheduled rent income of \$57,471, deducting a projected vacancy and credit loss of \$35,700 and owner's expenses of \$13,800 produces a net operating income of \$7,971.

The above projections are recapitulated as follows:

Gross Scheduled Rental Income	\$57,471	
Less Vacancy/Credit Loss	(35,700)	
Effective Scheduled Rental Income		\$21,771
Less Operating Expenses:		
Insurance	\$ 6,000	
Property Taxes	6,700	
Management	1,100	
Total Operating Expenses		(13,800)
Net Operating Income (Loss)		\$ 7,971

Thus, a current net operating income for subject property of \$7,971 is projected as being reasonable for the current operation of subject income producing property.

The following pages utilize this one year analysis as a base for application of the Income Approach using the Overall Rate application method as explained previously.

## INCOME APPROACH CONCLUSIONS

Subject property is a property which, either in its "as is" condition or completely rehabilitated, will be treated as an investment, i.e., income producing property. Thus, the Income Approach is considered to be an appropriate method for estimating market value.

The method selected for application of the Income Approach is based on utilization of an Overall Rate applied to current year net operating income. The reasons for selection of this method over the Discounted Cash Flow scenario is explained in the previous discussion.

Income potential has been projected based on the presumption that information furnished by the owner is credible; vacancy and credit loss projections are based on historical vacancy in the property and typical credit losses for this type of property in the market. Expenses for the property are based on owner's reports, recorded data, and appraiser's knowledge of the market.

Income and expenses are offered on an annualized basis. For subject, current net operating income is projected at \$7,971.

Based on the analyses and presumptions indicated previously and utilizing the Overall Rate method of processing the Income Approach, the indicated market value of subject property is estimated as follows:

Once the Overall Rate has been established, in this situation, 10.97%, and the net operating income projected, the estimated market value is calculated by combining the two figures using the simple formula  $V = I/R$ , where V represents estimated value, I is the net operating income, and R is the Overall Rate:

$$V = I/R$$

$$\text{Estimated Value} = \$7,971/.1097$$

Estimated Value = \$72,662

rounded = \$72,700

Because the subject is the type of property which will typically be utilized for income production and because the projection of net operating income is based on data derived directly from the property owner on the effective date of the appraisal, this appraiser believes that it should carry equal weight with other valid approach(es) in the final correlation of the three approaches to a single estimate of market value for subject. This will be dicussed more fully in the Conclusions section of the report.

In conclusion, it is seen that the indicated (estimated) market value produced by application of the Income Approach for property of Elaine H. O'Connor located at 48-80, 84 North Main Street, Middletown, Connecticut, as of the effective date of the appraisal, October 6, 1994, is \$72,700.

SALES COMPARISON APPROACH  
DEFINITION AND INTRODUCTION

The Sales Comparison Approach (also referred to as the "Direct Sales Comparison Approach") is

"A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available."

Reference: The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Copyright 1993

The Direct Sales Comparison Approach is generally the only approach considered valid for the appraisal of unimproved land, applied either directly or through the abstraction or residual methods. It is the most generally recognized and accepted and most easily understood of the three approaches. It appears to be the approach considered most acceptable in the court system. The Sales Comparison Approach is utilized in this appraisal to estimate the market value of the site alone based on the sales of five reasonably similar sales of properties located either in Middletown or in neighboring communities, sales which can be appropriately adjusted to provide what is considered to be a reliable indicator of the current market value of subject site.

The Sales Comparison Approach is also utilized in this appraisal

as a basis for estimating the market value of the subject as currently improved. This application of the approach is based on recent sales of six industrially zoned properties located in Middletown and surrounding towns.

The search for comparable sales which would provide the basis for estimating market value of the subject initially considered sales occurring only in the City of Middletown, but, when that research proved to be less productive in terms of quality sales than is desirable for application of this approach, other area locales were considered as well. These areas included the surrounding towns of Cromwell, Middlefield, Portland, East Hampton, Glastonbury, and Meriden.

In addition to one sale each of unimproved and improved properties located in Middletown, additional research produced sales of unimproved parcels in Portland, Glastonbury, and Cromwell, and sales of improved properties in Portland, Glastonbury, Middlefield, and Meriden.

Once the sales of properties considered similar to subject were located and analyzed, they were arrayed in a grid presentation with appropriate positive and negative adjustments relative to various individual differences in details of the comparable sale properties relative to subject property. This adjustment process led to a final indication of market value based on the Sales Comparison Approach.

Details of all sales considered as contributing some aspect of similarity to subject as a basis for valuation are presented on the following pages together with appropriate exhibits including photographs of the properties and a map showing their locations relative to subject's location.

SALES COMPARISON APPROACH  
DESCRIPTION OF COMPARABLE SALES  
UNIMPROVED PROPERTIES

Comparable Sale No. 1

Address: North side, Airline Avenue, Portland, Connecticut  
Lot 7, Portland Tax Assessor's Map 10  
Grantor: Westergren                      Grantee: Logano  
Reference: Volume 309, Page 55; warrantee  
Sales Price: \$80,000                      Sales Date: April 1, 1994  
Size of Parcel: 2.312 acres      Zoning: Industrial  
Sales Price per Acre: \$34,602  
Financing: No mortgage documents recorded concurrently with  
transfer documents  
Source of Information: Land Records; inspection  
Comments: This property is considered to be the most similar  
to subject in that it abuts an active railroad line;  
suffers some locational obsolescence in terms of awkward  
highway access; is in an industrial area of mixed older  
and contemporary industrial improvements and uses

Comparable Sale No. 2

Address: South side, Old Maid's Lane, Glastonbury,  
Connecticut; Lot S/3, Glastonbury Tax Assessors Map 161  
Grantor: Chapman                      Grantee: R. Homes, Inc.  
Reference: Volume 803, Page 164; warrantee  
Sales Price: \$115,000                      Sales Date: September 3, 1993  
Size of Parcel: 8.35 acres      Zoning: Industrial  
Sales Price per Acre: \$13,772  
Financing: No mortgage documents recorded concurrently with  
transfer documents  
Source of Information: Land records; inspection  
Comments: This parcel is within a large industrial zone which

has not been developed at this time; traditional utilization of the land in this zone has been for agricultural purposes; abutting zones are single-family residential which appears to be a more reasonable use for subject parcel in spite of its industrial zoning

Comparable Sale No. 3

Address: 271 Oakwood Drive, Glastonbury, Connecticut

Grantor: Constantine                      Grantee: Glastonbury Fitness  
Associates, Inc.

Reference: Volume 827, Page 222; warrantee

Sales Price: \$175,000                      Sales Date: November 23, 1993

Size of Parcel: 2.06 acres              Zoning: Industrial

Sales Price per Acre: \$84,951

Financing: Shoreline Bank and Trust Company; \$721,950; Small  
Business Administration Participation Mortgage (Construction); 23 years; interest only 6 months; 8.75%  
interest; adjustable each 3 months over life of loan at  
2.75% above index

Source of Information: Land records; inspection

Comments: This parcel is in a relatively new planned industrial area with excellent access to Routes 2 and 17; it has no immediate or convenient rail access; the considerably higher price on a per acre basis paid for this parcel is an indication of the importance of proximity highway access; even though access to parcel from Route 2 requires traveling over two local streets, proximity is obviously a factor.

Comparable Sale No. 4

Address: East side of Saybrook Road to Dripps Road,  
Middletown, Connecticut



Grantor: Crete

Grantee: Derita

Reference: Volume 1034, Page 143; warrantee

Sales Price: \$80,000

Sales Date: January 21, 1994

Size of Parcel: 2 acres

Zoning: Industrial

Sales Price per Acre: \$40,000

Financing: No mortgage documents recorded concurrently with  
transfer documents

Source of Information: Land records; exterior inspection

Comments: This is the only recent sale of unimproved industrial property found in Middletown; its topography differs completely from that of subject in that this parcel is very ledgey while subject is level and sandy; uses in the area include, for the most part, salvage yards and contractor equipment yards; this property has relatively efficient access with frontage on two roads; it is also convenient to Routes 9 and 154; there is no rail access in the area.

Comparable Sale No. 5

Address: 400 Corporate Row, Cromwell, Connecticut

Grantor: Farmers and Mechanics Bank

Grantee: 400 Corporate Row, Inc.

Reference: Volume 555, Page 4; quit claim

Sales Price: \$50,000

Sales Date: April 7, 1994

Size of Parcel: .52 acre

Zoning: Industrial

Sales Price per Acre: \$96,154

Financing: No mortgage documents recorded concurrently with  
transfer documents

Source of Information: Land records; inspection; representative of Grantor

Comments: This parcel is located in a planned industrial

Gross Building Area  
Land-to-Building-A  
Sales Price per Sq  
Financing: Fleet  
years 3% above  
Source of Information  
Comments: This 11  
facility was  
warehouse area  
paved parking  
to Routes 2 &

Comparable Sale No. 3

Address: 4 Oakum  
Grantor: Estate of  
Reference: Volume  
Sales Price: \$75,  
Size of Parcel:  
Zoning: Residential  
Gross Building Area  
Land-to-Building-A  
Sales Price per Sq  
Financing: Moody  
to exceed 15  
Source of Information  
Comments: This is  
industrial building  
it is a non-  
conforming building  
efficient vehicle  
feet of Route

area developed over the past  
services and utilities similar  
fers from a somewhat similar  
is located in the easterly part  
major highways which are all  
westerly side of town and its  
routes (notably Route 99, Main  
lane town streets.

rail service

Comparable Sale No. 4

Address: 126 Main Street, Middlefield (Rockfall),  
Connecticut

Grantor: Fudge                      Grantee: Boynton

Reference: Volume 84, Page 561; warrantee

Sales Price: \$250,000              Sales Date: June 17, 1994

Size of Parcel: 3.69 acres, 160,736 square feet

Zoning: Industrial

Gross Building Area: 11,724 square feet

Land-to-Building-Area Ratio: 13.71

Sales Price per Square Foot GBA: \$21.32\*

Financing: No mortgage documents recorded concurrently with  
transfer documents

Source of Information: Broker; land records; exterior  
inspection

Comments: As an improved property, this parcel bears considerable similarities to subject; the improvement is a masonry two story factory building built in 1860; the parcel abuts an active rail line but suffers locational obsolescence due to limited vehicular access (see accompanying sketch of property) as well as inconvenience to major highways; the building does include a two-stop, 2,000 lb. freight elevator; it is fully sprinklered; gross building area is 11,724 square feet; other improvements include 5,000 square feet of paved parking, three detached sheds, and a heated detached garage; the parcel abuts the Coginchaug River

Comparable Sale No. 5

Address: 75 Pease Avenue, Middletown, Connecticut

Grantor: Renals                      Grantee: Morris Woodworking  
Reference: Volume 1004, Page 279; warrantee  
Sales Price: \$60,000                      Sales Date: March 10, 1993  
Size of Parcel: .3 acre, 13,068 square feet  
Zoning: Industrial  
Gross Building Area: 2,480 square feet  
Land-to-Building-Area Ratio: 5.27  
Sales Price per Square Foot GBA: \$24.19\*  
Financing: Connecticut Development Authority; \$59,000;  
7.8%; 15 years

Source of Information: Land records; inspection

Comments: This sale represents the most recent sale of an improved industrial property in Middletown; it is also located less than one block from subject; however, it is much smaller than subject both in site size and improvement size; the structure contains less than 3,000 square feet of floor area; there is also a detached garage type structure having approximately 700 square feet

Comparable Sale No. 6

Address: 122 Charles Street, Meriden, Connecticut  
Grantor: Norwich Savings Society  
Grantee: Charles Street Associates Limited Partnership  
Reference: Volume 1969, Page 265  
Sales Price: \$150,000                      Sales Date: November 1, 1993  
Size of Parcel: 1.8 acres, 78,408 square feet  
Zoning: Industrial  
Gross Building Area: 97,300 square feet  
Land-to-Building-Area Ratio: .81  
Sales Price per Square Foot GBA: \$1.54\*  
Financing: No mortgage documents recorded concurrently with

transfer documents

Source of Information: Appraiser's files, land records,  
exterior inspection

Comments: Although this building is mammoth in comparison with subject (approximately 97,300 square feet of floor area versus approximately 30,300 square feet for subject), it is considered similar because 1) it is in an older industrial area where there is a mix of industrial, commercial, and residential uses; 2) it is functionally similar to subject with wood timber supporting structures, wood floors, and lacking in adequate mechanical systems; 3) it is similar to subject in age, having been built about 1900; 4) the improvements and site suffered hazardous material contamination (which required that portions of the floors be removed)

\*sales price including land and improvements divided by the amount of gross building area only

# SALES COMPARISON APPROACH COMPARABLE SALES - ADJUSTMENT GRID UNIMPROVED PROPERTIES

DESCRIPTION	SUBJECT	COMP. SALE 1	ADJMT.	COMP. SALE 2	ADJMT.	COMP. SALE 3	ADJMT.	COMP. SALE 4	ADJMT.	COMP. SALE 5	ADJMT.
ADDRESS	NORTH MAIN ST.	N/S AIRLINE AVE	—	OLD MAID'S LANE	—	271 OAKWOOD DR.	—	SAYBROOK ROAD	—	CORPORATE ROW	—
PROXIMITY TO SUBJECT	N/A	ONE MILE +A	—	THREE MILES +A	—	FIVE MILES +A	—	TWO MILES +A	—	TWO MILES +A	—
SALES PRICE	N/A	\$20,000.00	—	\$115,000.00	—	\$775,000.00	—	\$80,000.00	—	\$50,000.00	—
SALES DATE	N/A	4-1-84	—	9-3-80	—	11-25-93	—	1-21-94	—	4-7-94	—
FINANCING/COMMISSIONS	N/A	NONE FOUND	—	NONE FOUND	—	CONVENTIONAL	—	NONE FOUND	—	NONE FOUND	—
SITE SIZE	1.21 ACRES	2,312 ACRES	—	8.35 ACRES	—	2.06 ACRES	—	2 ACRES	—	32 ACRE	—
SALES PRICE PER ACRE	N/A	\$34,602.00	—	\$13,772.00	—	\$34,851.00	—	\$40,000.00	—	\$86,154.00	—
LOCATION/ACCESS	FAIR	FAIR	—	BELOW AVERAGE	(-)	ABOVE AVERAGE	(-)	BELOW AVERAGE	(-)	BELOW AVERAGE	(-)
ZONING	INDUSTRIAL	INDUSTRIAL	—	INDUSTRIAL	—	INDUSTRIAL	—	INDUSTRIAL	—	INDUSTRIAL	(-)
ENVR. RISK POTENTIAL	HIGH	MODERATE	(-)	MODERATE	(-)	LOW	(-)	MODERATE	(-)	LOW	(-)
ADJUSTMENT PER ACRE	N/A		\$5,000.00		\$5,000.00		\$55,000.00		\$20,000.00		\$20,000.00
INDICATED VALUE PER ACRE	N/A		\$29,602.00		\$8,772.00		\$49,851.00		\$20,000.00		\$66,154.00
INDICATED VALUE SUBJECT PER ACRE		\$25,000.00									
INDICATED VALUE OF SUBJECT		\$30,250.00									

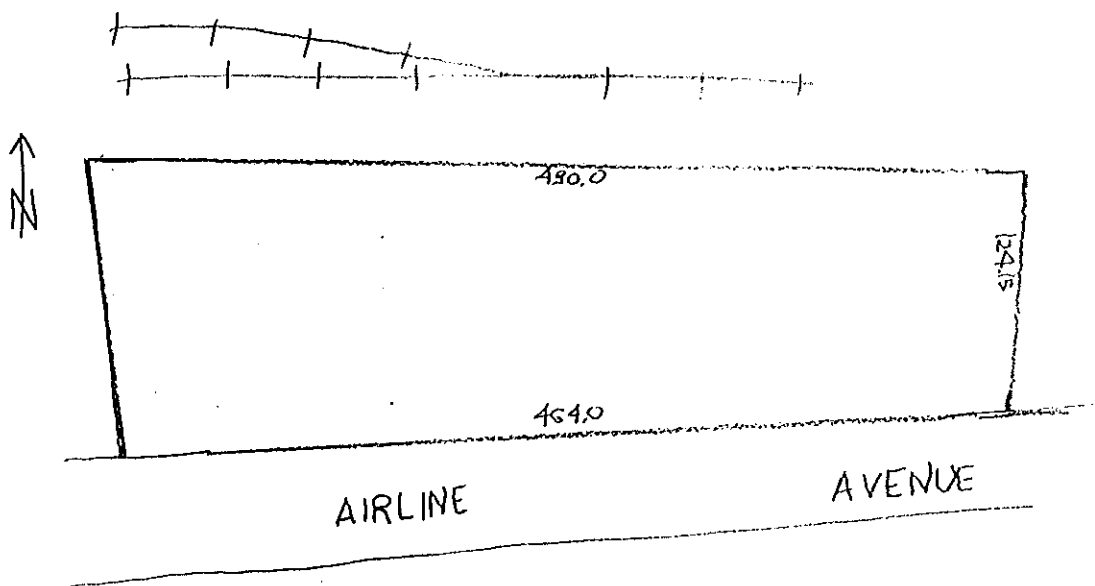
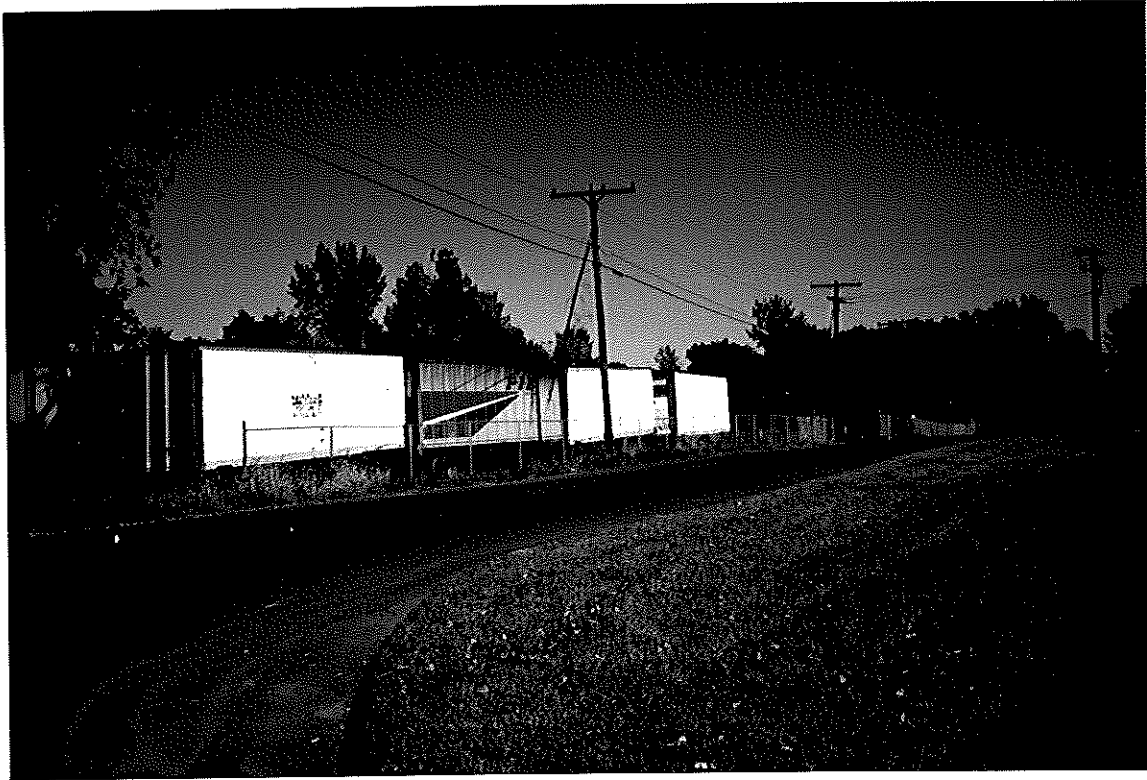
# SALES COMPARISON APPROACH COMPARABLE SALES - ADJUSTMENT GRID IMPROVED PROPERTIES

DESCRIPTION	SUBJECT	COMP. SALE 1	COMP. SALE 2	COMP. SALE 3	COMP. SALE 4	COMP. SALE 5	COMP. SALE 6	ADJUST.
ADDRESS	NORTH MAIN ST., MTN.	BROWNSTONE	NATIONAL DR.	ONLUM DOCK	128 MAIN STREET	75 PULASKI AVE.	122 CHARLES ST.	
PROXIMITY TO SUBJECT	N/A	ONE MILE +/-	FIVE MILES +/-	FOUR MILES +/-	SIX MILES +/-	ONE BLOCK	EIGHT MILES +/-	
SALES PRICE		\$225,000.00	\$400,000.00	\$75,000.00	\$250,000.00	\$60,000.00	\$150,000.00	
SALES DATE		5-27-84	2-18-84	2-5-83	6-17-84	3-10-82	11-1-83	
FINANCING/CONCESSIONS	N/A	NONE KNOWN	CONVENTIONAL	CONVENTIONAL	NONE KNOWN	CONVENTIONAL	NONE KNOWN	
GROSS BLDG. AREA (SQ. FT.)	30,314	11,000	11,570	2,940	11,724	2,480	\$7,300	
SALES PRICE/SQ. FT.		\$18.64	\$34.62	\$26.76	\$21.32	\$24.18	\$1.54	
LOCATION/ACCESS	FAIR	FAIR	ABOVE AVERAGE	AVERAGE	FAIR-POOR	FAIR	BELOW AVERAGE	(-)
SITE SIZE (ACRES)	1.21 ACRES	1.48 ACRES	2.08 ACRES	54 ACRES	3.88 ACRES	2 ACRES	1.8 ACRES	(-)
CONSTRUCTION QUALITY	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	(-)
CONDOMINIUM IMPROVEMENTS	FAIR-POOR	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	FAIR-POOR	(-)
AGE/YEAR BUILT	CA 1900	1875	1879	1885	CA 1870	EST. 1890	CA 1880	(-)
ZONING	INDUSTRIAL	INDUSTRIAL	INDUSTRIAL	RESIDENTIAL	INDUSTRIAL	INDUSTRIAL	INDUSTRIAL	(-)
ENVIRON. RISK POTENTIAL	HIGH	MODERATE	LOW	MODERATE	MODERATE	MODERATE	HIGH	(-)
MECHANICAL SYSTEMS	FAIR-POOR	ADEQUATE	GOOD	ADEQUATE	ADEQUATE	ADEQUATE	POOR	(-)
ADJUSTMENT PER SQ. FT.		(\$15.00)	(\$25.00)	(\$20.00)	(\$20.00)	(\$18.00)	\$0.00	
ADJUSTED PRICE/SQ. FT.		\$3.94	\$9.42	\$16.76	\$5.32	\$4.18	\$1.54	

INDICATED VALUE SUBJECT/SQ. FT. \$2.75  
INDICATED VALUE SUBJECT \$83,264  
INDICATED VALUE, ROUNDED \$80,400

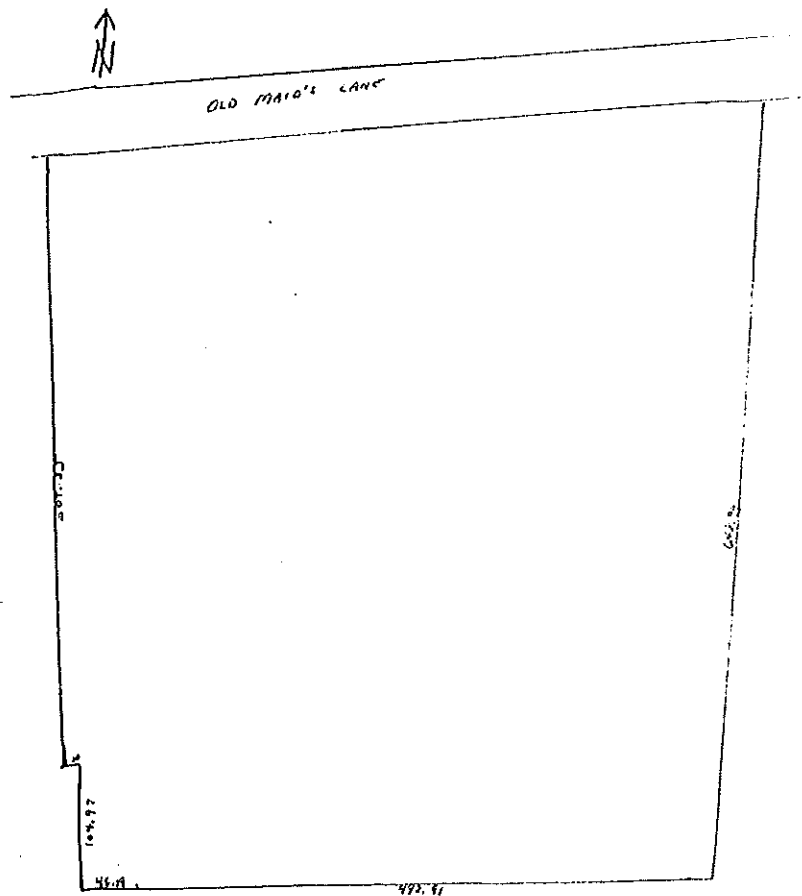
SALES COMPARISON APPROACH  
COMPARABLE SALES - PHOTOGRAPHS AND SKETCHES  
UNIMPROVED PROPERTIES

Comparable Sale No. 1

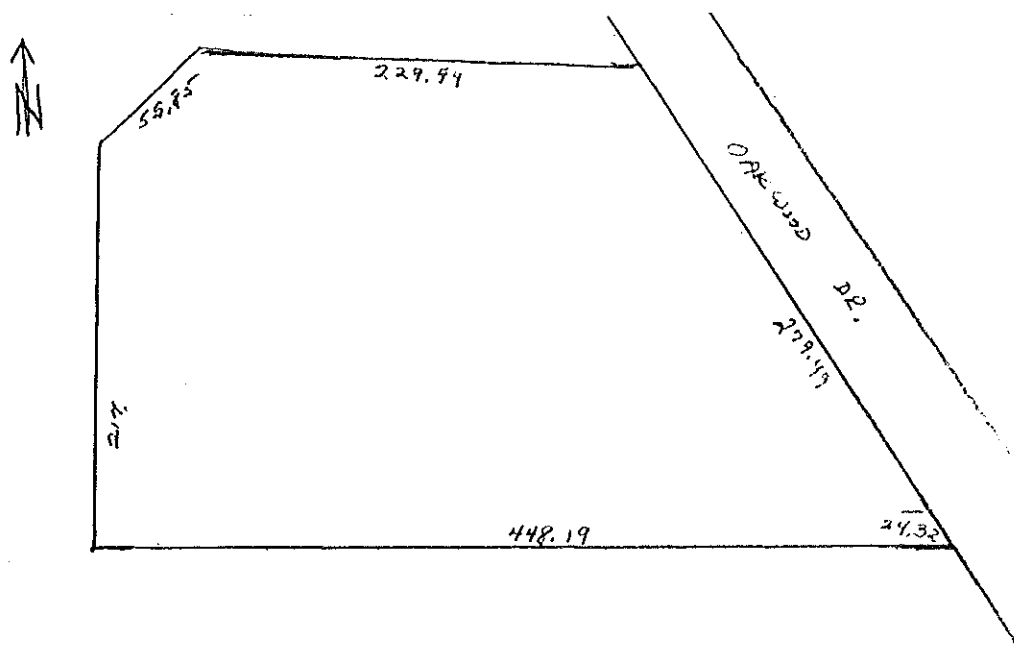




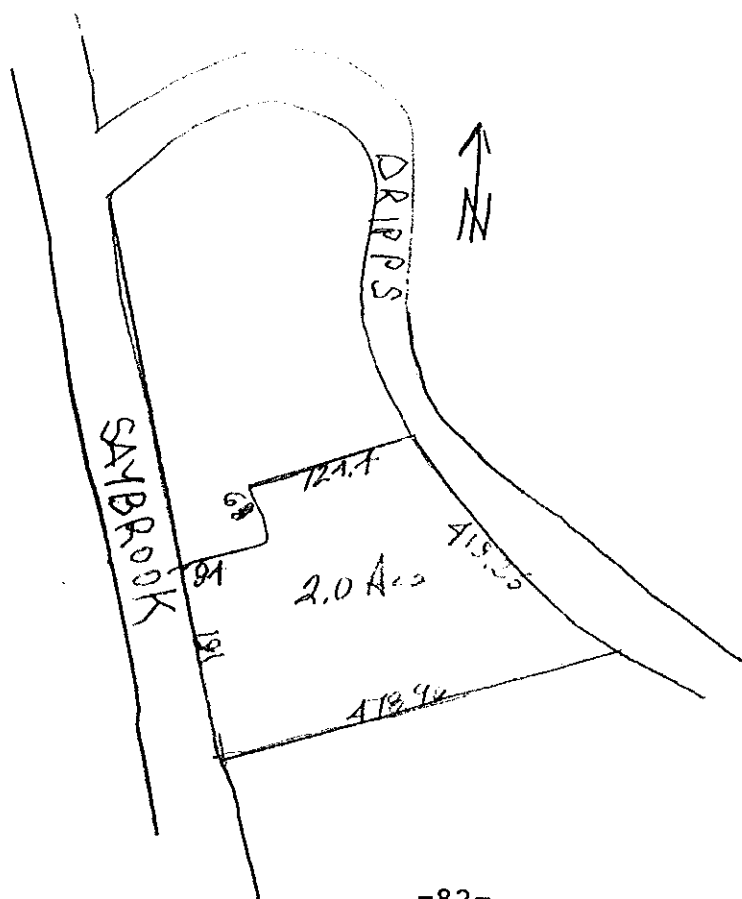
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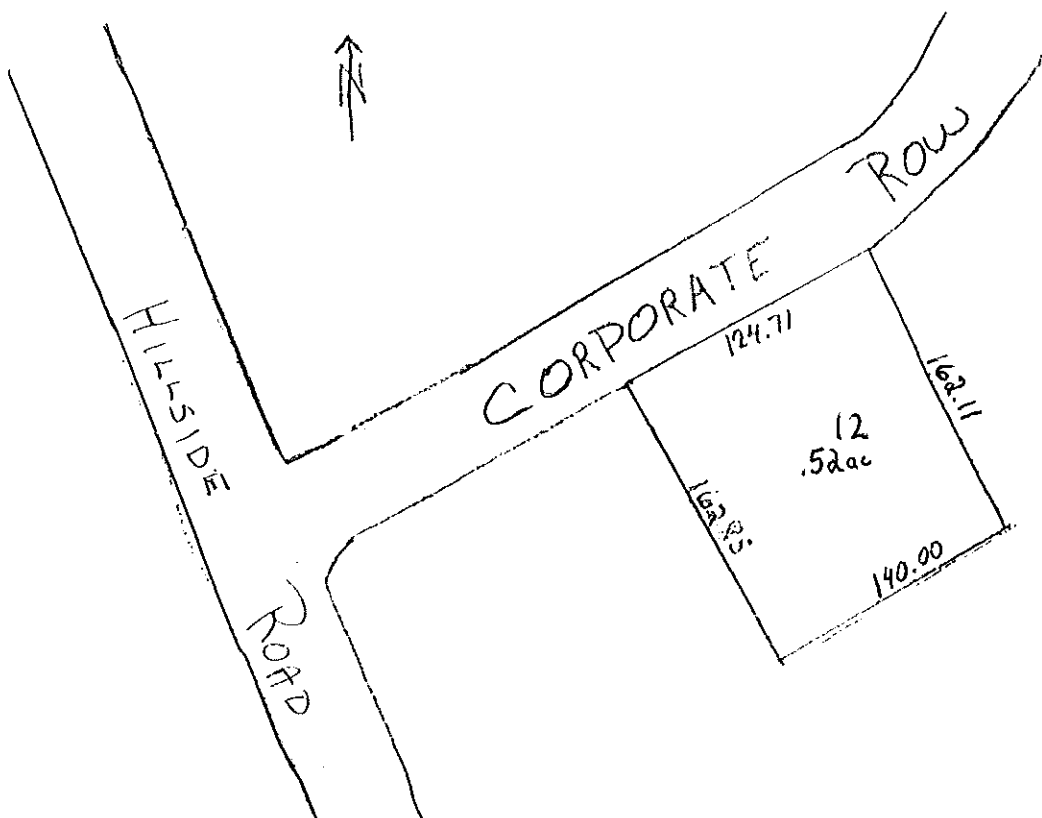
Comparable Sale No. 3



Comparable Sale No. 4



Comparable Sale No. 5



SALES COMPARISON APPROACH  
PHOTOGRAPHS - IMPROVED PROPERTIES

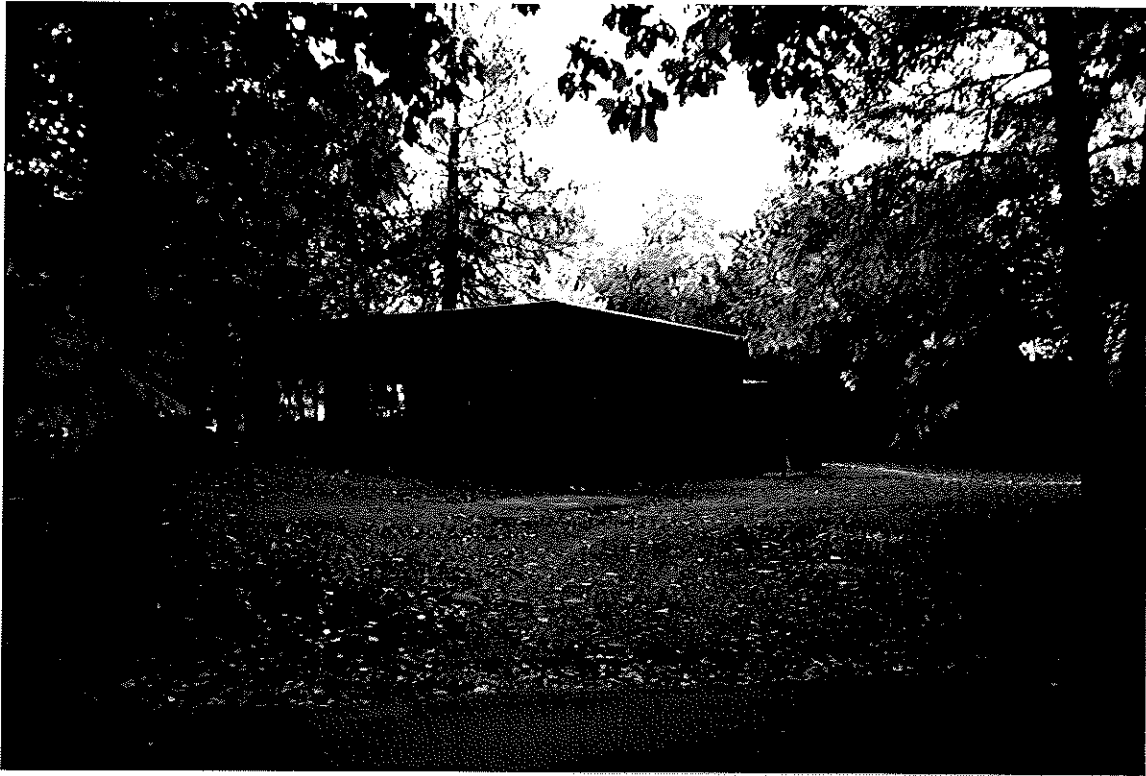
Comparable Sale No. 1



Comparable Sale No. 2



Comparable Sale No. 3



Comparable Sale No. 4

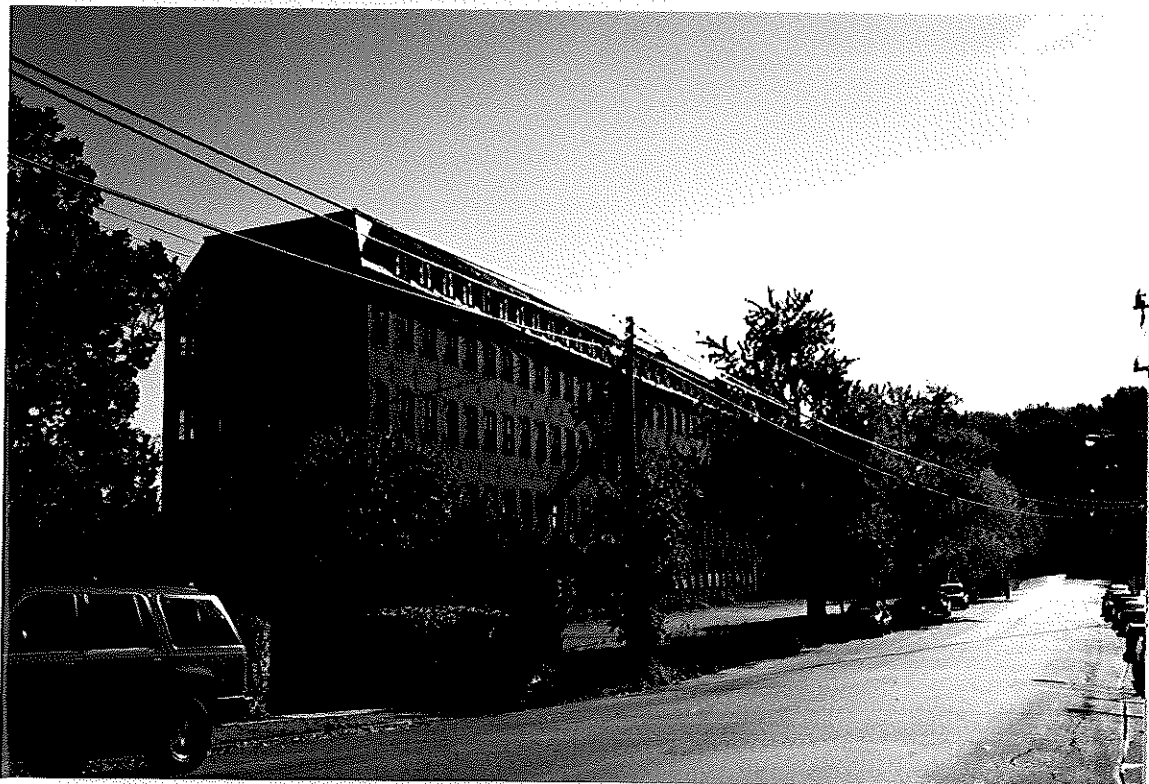




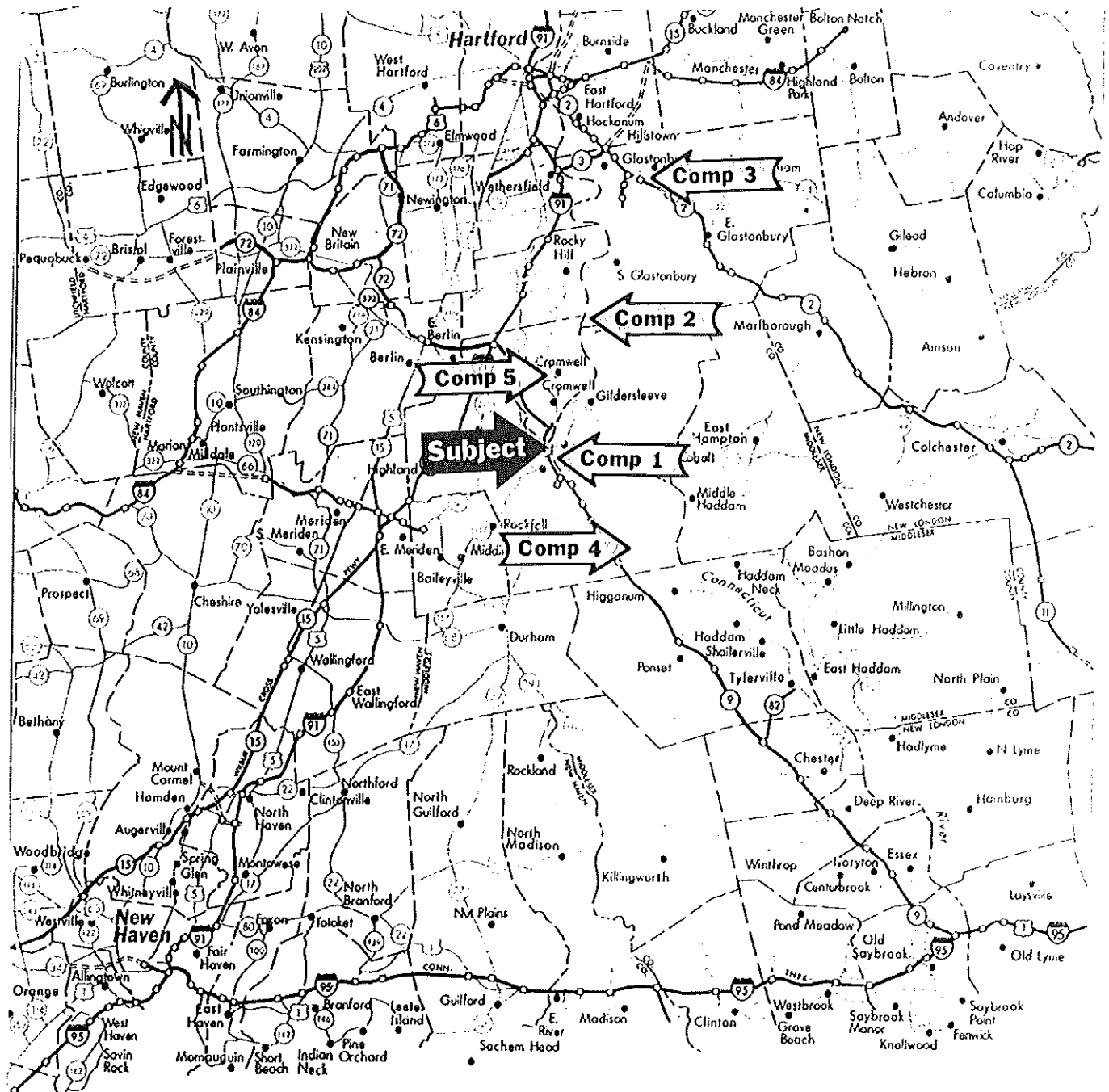
Comparable Sale No. 5



Comparable Sale No. 6

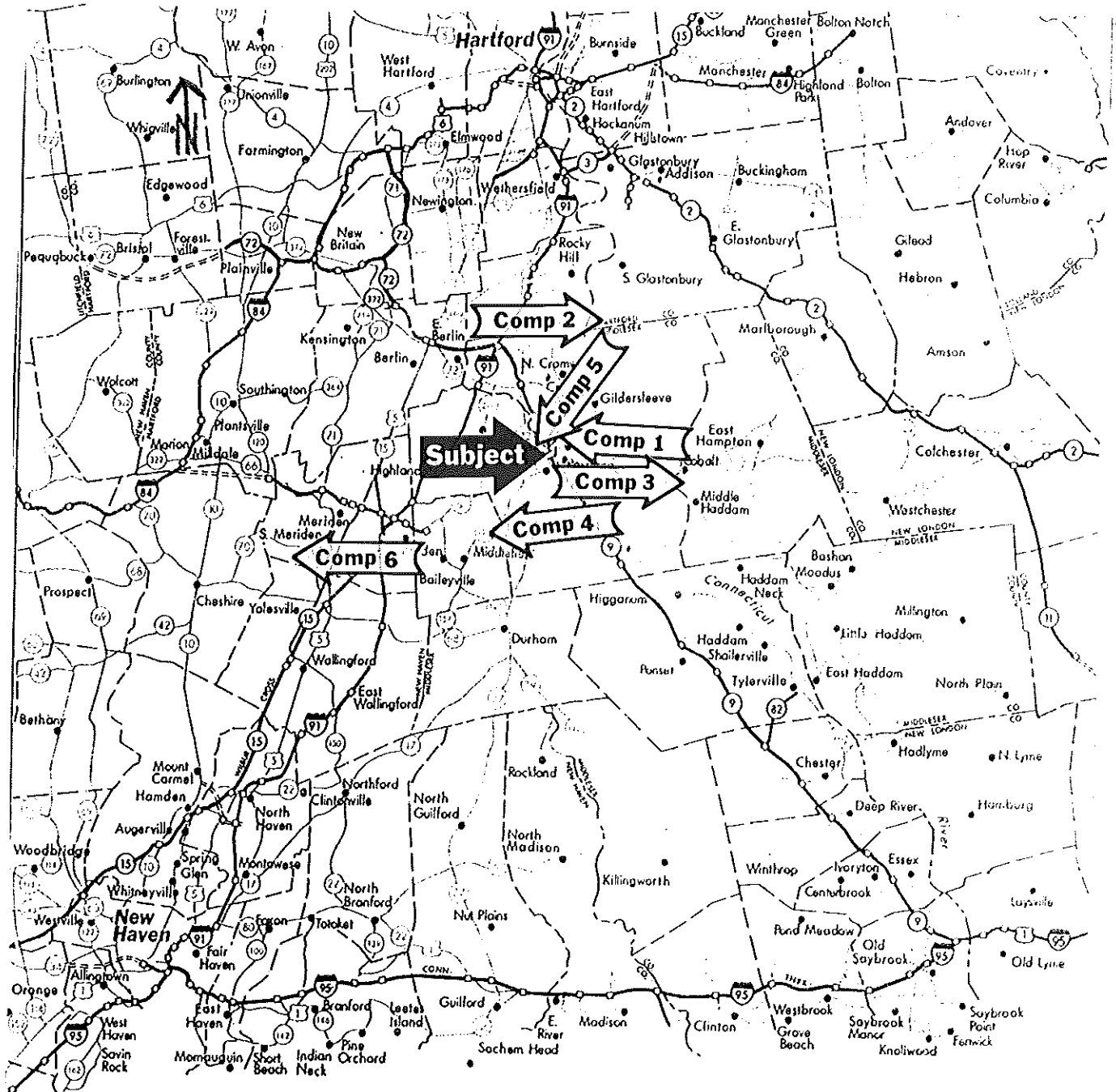


**SALES COMPARISON APPROACH  
COMPARABLE SALES - UNIMPROVED PROPERTIES  
LOCATION MAP**





SALES COMPARISON APPROACH  
COMPARABLE SALES - IMPROVED PROPERTIES  
LOCATION MAP



## SALES COMPARISON APPROACH CONCLUSIONS

For this particular appraisal assignment, which calls for the appraisal for market value of a one and twenty-one one-hundredths acre parcel of industrially zoned land located at the east side of North Main Street in the City of Middletown in an area earmarked for rehabilitation together with the improvements thereon consisting of an approximately one-hundred-year-old multi-level mill type building as well as a metal and brick warehouse structure recommended for demolition, the Sales Comparison Approach has been utilized in arriving at an indication of market value for both the site as well as the improved property. For the valuation of the property as improved, it is accorded the equal weight with the Income Approach in the final correlation which follows.

The improvement is not only a century old, mill-type structure which suffers significant functional obsolescence, there are reasons to believe that the improvements as well as the site are contaminated with a variety of hazardous materials.

In estimating market value of the site, the Sales Comparison Approach was utilized based on data for five recent sales of industrially zoned properties located in Middletown and surrounding locales. These sales are described in detail on the previous pages of this report in both narrative and grid format; photographs, a location map, and other pertinent data are presented to better enable the reader to visualize these properties and their comparability to subject. As can be noted, these properties, with closing dates extending over the period of approximately one year prior to the effective date of the appraisal, had actual sales prices on a per acre basis ranging between \$13,772 and \$84,951. Adjusted sales prices, also on a per acre basis, range between \$8,772 and \$49,951.

Overall, Sales No. 1 and 4 offer greatest similarity to subject; therefore, these two are accorded most weight in supporting a final estimate of market value for the subject site as if unimproved. Sale 3 is considered to be most unlike subject and is included as a comparable sale more to illustrate the premium which is produced by a conveniently-located, clean site in a new industrial area.

As far as zoning and use is concerned, all five of the comparable site sales are zoned for industrial use.

Based on analysis of these five sale properties, the appraiser estimates that subject site's market value is \$25,000 per acre. It must be emphasized that this presumes that clean-up of hazardous materials would have minimal adverse effect on value of the site.

Relative to market value of the site as improved, the appraiser has relied on data for the sale of six industrial properties located in Middletown and surrounding towns. All six of these sales are described on the previous pages in much the same detail as the comparable site sales. The sales prices of the comparable sales on the basis of gross square feet of building area (to include land value) ranges between \$1.54 and \$36.76, while the adjusted per square foot value range is between \$1.54 and \$16.76. Sale 6, which required no adjustment, is considered most similar to subject, and is accorded greatest weight in reconciliation of an indicated market value for the improved property. Weighing this adjusted value with the other five produces an estimated market value for subject of \$2.75 per square foot, or \$83,400 (rounded) for the improved property.

Based on the overall observed similarities to subject, the conditions surrounding each of the sales, and the recency of the sales,

the estimated market value of the fee simple title to subject property located at 48-80, 84 North Main Street, Middletown, as of the effective date of the appraisal, October 6, 1994, based on the Sales Comparison Approach, is

Site as if unimproved: \$30,250

Site as improved: \$83,400

## CORRELATION, RECONCILIATION AND FINAL VALUE ESTIMATE

### Correlation and Reconciliation

There are three acceptable approaches for appraising real estate.

They are:

1. The COST APPROACH which utilizes contractor's estimates and/or cost service estimates to calculate a reproduction cost for a particular improvement, then depreciates that cost, and combines it with the estimated market value of the site, the site value estimate being arrived at through the Direct Sales Comparison Approach (or a variation thereof). The Cost Approach has not been applied to subject property because of the age and degree of obsolescence of the improvements.

2. The INCOME APPROACH, an approach applicable only for properties which would normally be purchased or owned by an investor for the production of income.

Subject property is a property appropriately utilized as an income producing property; therefore, the Income Approach is utilized through the application of an Overall Rate to net operating income. Processing of the Income Approach has resulted in an indication of market value for subject of \$72,700. In the reconciliation to a final value estimate, the Income Approach is accorded equal weight with the Sales Comparison Approach because the data on which it is based is considered, for the most part, to be credible, and because the property is considered to be one which would definitely be operated as an income property.

3. The SALES COMPARISON APPROACH, also called "the market data approach", relies completely on sales data extracted from the marketplace. In an active market, with an ample quantity of recent comparable sales, the Sales Comparison Approach is

generally the most reliable basis from which to derive a value estimate. It is generally the only one of the three considered valid for unimproved land and has been so utilized herein, producing an estimated market value for the site of \$30,250.

For subject appraisal the Sales Comparison Approach is also utilized for appraisal of the property as improved; for this exercise it is based on analysis of six recent sales of properties comparable to subject, all located either in Middletown or in surrounding communities. The value indicated for subject as improved based on application of the Sales Comparison Approach is \$83,400. Because the comparable sales utilized provided quality data to support the value indication, the Sales Comparison Approach is accorded equal weight with the Income Approach in the final reconciliation of a market value estimate.

#### Final Value Estimate

The three accepted approaches for estimating market value of real estate, as discussed above and throughout this report, have been considered in this appraisal of an industrial property. In the correlation and reconciliation process, the three are weighted in the following order:

- |                              |                |         |
|------------------------------|----------------|---------|
| 1. Income Approach           | \$72,700.      | ] equal |
| 2. Sales Comparison Approach | \$83,400.      |         |
| 3. Cost Approach             | Not applicable |         |

In the opinion of the appraiser, and subject to the following Certification and Limiting Conditions Statements, as well as to any other Special Assumptions and Limiting Conditions mentioned in the body of the report, the estimated market value

of the assumed unencumbered fee simple interest in real property of Elaine H. O'Connor located at 48-80, 84 North Main Street, in the City of Middletown, Connecticut, as of the effective date of the appraisal, October 6, 1994, is as follows:

Site, as if unimproved:

Thirty thousand two hundred fifty dollars  
(\$30,250.00)

Property as improved:

Seventy-eight thousand dollars  
(\$78,000.00)

hazardous material used in the construction or maintenance of the property, such as the existence of urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, was observed by me and was also reported to me from several sources. The appraiser, however, is not qualified to detect and analyze such substances. The existence of such potentially hazardous material(s) may have an effect on the value of the property. I urge the client to retain an expert in this field, if desired.

- Information, estimates, and opinions furnished to the appraiser, and contained in this report, were obtained from sources considered reliable and are believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser is assumed by the appraiser.
- Disclosure of the contents of the appraisal is governed by the Bylaws and Regulations of the Appraisal Institute, of which the Appraiser is a member.
- Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if the appraisal fee is paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state- or Federally-approved financial institution, any department, or agency, or instrumentality of the United States




or any state or the District of Columbia, without the previous written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraiser.

- on all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal and value conclusions are contingent upon completion of the improvements in a workmanlike manner.
- it is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been, or can be, obtained or renewed for any use on which the value estimate contained in this report is based, unless noncompliance is stated and considered in this report.
- if a discounted cash flow analysis is used in this report, it is prepared on the basis of information and assumptions stipulated in the report; the achievement of any financial projections will be affected by fluctuations in economic conditions and is dependent upon the occurrence of future events which cannot be assured; therefore, the results actually achieved may well vary from the projections and assumptions made and such variations may be material and significant.
- the value estimate presumes that all conditions of any and all leases and/or sales contracts have been fully disclosed.

Date Signed:

October 13, 1994

  
Sara C. Foster, SRPA  
Connecticut Certified General  
Appraiser License No. 0000210

QUALIFICATIONS OF THE APPRAISER  
 SARA C. FOSTER, SRPA  
 CONNECTICUT CERTIFIED  
 GENERAL APPRAISER LICENSE NO. 0000210  
 CROWLEY FOSTER COMPANY  
 POST OFFICE BOX 642  
 MIDDLETOWN, CONNECTICUT 06457

Appraisal Related Experience	1961 - 1975: real estate sales with special emphasis in condominium development and marketing  1975 - 1982: commercial and residential sales, leasing, management, development, appraisal  1982 - 1986: appraisal/analysis entire eastern sea- board with emphasis in resort, recreation, and country club community investment and marketing  1986 - present: owner/appraiser, Crowley Foster Company
Courts in which Qualified	State of Connecticut: Middletown, New Britain, New London, New Haven, Rockville, Hartford, Meriden Federal (Bankruptcy): Bridgeport Probate: Middletown, Haddam, Portland
General Educational Background	Pembroke (Maine) High School, diploma Husson College, Bangor, Maine, diploma Middlesex Community College, Associates Degree, Accounting College Level Examination Program, General Studies
Appraisal Courses Taken and Examinations Passed	University of Connecticut, Course I, Appraisal (1977) Nat'l Assoc. of Realtors, Realtors' Institute, (1979) S.R.E.A. Course R-2 (1980) S.R.E.A. Narrative Report Writing Seminar (1980) University of New Haven, Appraisal 101 (1981) Middlesex Community College, Architectural Blueprint Reading (1982) S.R.E.A. Course 201 (1985) S.R.E.A. Course 202 (1985) Int'l. R.O.W. Association, Course 101 (1989) S.R.E.A. Uniform Standards Professional Appraisal Practice (1990)
Appraisal Examinations Successfully Challenged	S.R.E.A. Course 101 (1981) A.I.R.E.A. Course 1A1/8-1 (1984) A.I.R.E.A. Course 8-2 (1984) A.I.R.E.A. Course 2-3 (1984)
Workshops	S.R.E.A. Advanced Demonstration Report Writing (1986) Int'l. R.O.W. Association, Instructors' Clinic (1989)
Seminars	S.R.E.A., Appraising Apartments (1979) S.R.E.A., Residential Case Study (1981) Marshall & Swift, Marshall Valuation Service (1983) Marshall & Swift, Marshall Residential Cost Handbook

(1983)  
 S.R.E.A., Impact of the 1986-87 Tax Reform Act (1987)  
 S.R.E.A., Uniform Commercial Appraisal Report (1989)  
 S.R.E.A., Depreciation Analysis (1990)  
 Appraisal Institute, Appraising Troubled Properties  
 (1992)  
 Appraisal Institute, The New Uniform Residential  
 Appraisal Report (1994)  
 Appraisal Standards Board, Informational Meeting on  
 USPAP Provisions (1994)

Associations and Memberships Appraisal Institute, National and State Chapters  
 International Right-of-Way Association  
 National Association of Review Appraisers and  
 Mortgage Underwriters

Designations and Licenses SRPA - Senior Real Property Appraiser  
 Recertified through December 31, 1995  
 CRS - Certified Residential Specialist  
 GRI - Graduate, Realtors' Institute  
 CRA - Certified Review Appraiser  
 Certified General Appraiser, Connecticut License No.  
 0000210

Appraisal Instructor International Right of Way Association  
 Middlesex Community College  
 National Real Estate Institute

Representative Client List Home Federal Savings Bank  
 First Federal Bank  
 Farmers and Mechanics Bank  
 Equity Bank  
 Wesleyan University  
 Lahey Clinic Foundation  
 PHH US Mortgage Company  
 Keycorp Mortgage, Inc.  
 Coastal Savings Bank  
 Attorney Jule Crawford  
 Attorney Michael Dowley  
 Attorney Jane McMillan  
 Attorney Joseph Bransfield  
 Attorney William Howard  
 Attorney Joseph Shainess  
 Attorney S. J. Cartelli  
 Attorney Joseph Borkowski  
 Attorney Susan Geenty

Government Agency Clients State of Connecticut  
 City of Middletown  
 Town of Cromwell  
 Town of Portland  
 RECOLL Management Corporation  
 Resolution Trust Corporation  
 Federal Deposit Insurance Corporation

A D D E N D A



## The Greater Middletown Preservation Trust

DEKOVEN HOUSE, 27 WASHINGTON STREET  
MIDDLETOWN, CONNECTICUT 06457 (203) 346-1646

14. August. 1994

Mr. William Kuehn  
Municipal Development Office  
City of Middletown  
P.O. Box 1300  
Middletown, Connecticut 06457

Dear Bill:

After our recent visit to the old Meech and Stoddard factory building in the North End I reviewed our survey files for any reference to the building. While we agree that the facility has historical merit it was not included in our 1972 survey. I believe I can explain this situation and make a compelling case for the building's significance.

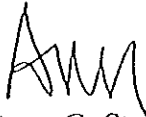
We found the building to be in remarkably good condition, though vacant for several years. It is a good example of an early 20th century factory building, with large windows to allow light to penetrate well into the space however it retains the heavy timber frame of its 19th century predecessors. The building is interesting as an example of local industrial sites as it is the only remaining one, to my knowledge, designed for the manufacture of a combustible product. The building was originally a flour mill with 3 masonry walls and the rear(east) wall lightly built of wood and corrugated metal. This is a typical construction type for mills with a high potential for explosion, allowing one wall to blow out to save the others.

As to why the building was not included in the original survey, I can only speculate. Over the years we have found several other buildings that are comparable to included buildings that were also left out. We do know that the survey contract was based on a certain number of structures, so that choices had to be made. In some cases it appears that buildings of a type already well represented were omitted. I also feel 20th century buildings are underrepresented. The last 20 years has changed the way we as historians look at these structures, partly the perspective of time and partly a different design ethic. A historians perspective of the Meech and Stoddard building today would be much more favorable today that it would have been in 1972.

In any case, I believe that if the survey were being done today this building would certainly be included. If at some time there were to be a National Register District proposed in the area north of the bridge, the Meech and Stoddard building would surely be listed as a contributing structure. As to whether it could be listed individually as a preliminary step to redevelopment with the use of the historic rehab tax credit, I would encourage you to discuss that further with Linda Spencer who handles the tax credit program for the State Historic Preservation Office. In my opinion there is sufficient integrity and original fabric to justify a tax act project in this building.

I hope these thoughts are helpful. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ann C. Street', with a stylized, cursive script.

Ann C. Street  
Executive Director

### Odors or chemical smells

No odors or chemical smells were detected outdoors.

## 9.0 CONCLUSIONS

### Results of Records Search

A review of DEP files in the Underground Storage Tank, Oils and Chemical Spills, PCBs, Hazardous Waste, and Water Compliance units revealed no notices of violation, orders, enforcement actions, spills or discharges linked to the subject property. An interview with Town Sanitarian James Monopoli indicated that although there have been complaints about the materials dumped by the radiator repair shop on the site, there were no known environmental or health hazards.

The state and local records search identified several contamination sources that may have affected the subject property. These include:

- (1) four vertical petroleum storage tanks owned by the defunct Red Wing Oil Company which have contaminated a 10-foot thickness of soil adjacent to the northwest corner of the subject property according to documentation from a Northeast Utilities finding in 1987,
- (2) a 1962 fire that destroyed the central portion of the former Meech & Stoddard complex contained a variety of materials including cleaning chemicals, tires, and possibly batteries,
- (3) a gasoline leak from a broken pump in 1984 and contaminated soil found during tank removal in 1988 at the adjacent 90 North Main Street property,
- (4) a petroleum spill at 82 North Main Street reported by the Middletown Fire Department in 1987,
- (5) two 40-year old 1,000-gallon underground petroleum storage tanks at LCI Ford on the west side of North Main Street (These tanks may be leaking because the expected lifetime of underground unprotected steel tanks in Connecticut's soils is 15 years according to the DEP.), and
- (6) activities including coal storage and possible transportation-related spills at the former railroad yard on the abutting property to the east and along the railroad tracks to the east and west of the existing buildings.

### Results of Site Walkover Survey and Inspection

A site walkover survey and inspection and personal interviews conducted at the subject property on January 10, 1990 found no visual evidence of hazardous waste.

Several on-site activities may have caused contamination on the subject property. These include:

- (1) operations using chemicals such as radiator flushes, petroleum products, auto paint, and solvents by the North End Radiator Repair shop in Building A,
- (2) storage of paint, thinners, and cleaners by B & R Painting in Building B,
- (3) discharges to a possible dry well near the northeast corner of Building B,
- (4) use of possible asbestos-containing insulation on corrugated metal siding and in roof tiles of Building A and B, and on pipes in the basement of Building A, and
- (5) leaks from heating oil tanks in the basement of Building A.

## 10.0 RECOMMENDATIONS

The following recommendations are presented to determine if prior on-site or offsite activities have caused significant environmental contamination on the subject property:

- (1) Conduct soil and groundwater testing in the areas of the on-site radiator repair shop, burned central building, and dry well, and adjacent to the offsite vertical oil tanks, railroad yard, LCI Ford, and 90 North Main Street.
- (2) Sample and test insulation on the corrugated metal siding and roof tiles in Buildings A and B and pipe insulation in the basement of Building A for asbestos which can be a disposal problem if the buildings are to be demolished or renovated.
- (3) Sample and test the oil-stained concrete floor and sediments in the sump pit and French drains in the basement of Building A. The sediments may contain residual contamination from spills or chemicals used in the building.
- (4) Sample and test the unknown contents of the presumed "fermentation tank" in the basement of Building A. Certain chlorinated solvents are sweet smelling.

The following materials should be removed from the site and properly disposed of:

- (1) Paints, thinners, and cleaners stored in the B & R Painting warehouse (these may pose a fire hazard).
- (2) Barrels and miscellaneous materials stored behind the North End Radiator shop.
- (3) The two heating oil tanks, at least one of which has leaked, and the petroleum-stained concrete floor in the basement of Building A.
- (4) The wooden barrel containing rags and cans of paint and thinners, and the 5-gallon pail of asbestos-containing roof sealant in the upper floor of Building A.



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